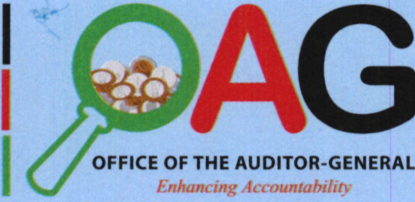


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

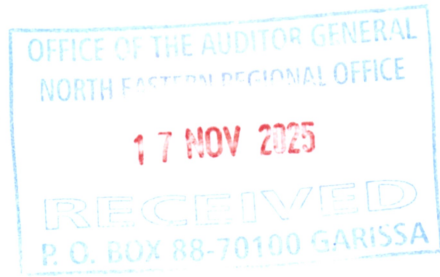
ON

**GARISSA LEVEL 5 TEACHING AND
REFERRAL HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF GARISSA

PAPERS Laid	
DATE	4/12/2025
TABLED BY	M.L
COMMITTEE	+
CLERK AT THE TABLE	Abduwaha



Garissa Level 5 Teaching and Referral Hospital (Garissa County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

The County Referral Hospital was constructed in 1969 by the Government of Kenya under Nairobi City Council by then Garissa district hospital, and it was taken over by Ministry of Health in 1970. The hospital is a level 5 institution that is expected to serve patients who need complex management. It has 300 bed capacity including the isolation centre. Apart from North Eastern Region, the hospital also serves the neighbouring Counties of Kitui, Tana River, Isiolo, Wajir and Mandera. The hospital is also a referral centre for Refugee population of Dadaab estimated to be over 270,000 persons. The hospital also receives patients from the neighbouring countries of Somalia and Ethiopia.

Garissa Level 5 Teaching and Referral Hospital is a level 5 hospital established under gazette notice and is domiciled in Garissa County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide health services.

VISION

A centre of excellence in provision of accessible, affordable and socially acceptable quality health care services in the region and beyond.

MISSION

To provide curative, rehabilitative and preventive health care services to all.

CORE VALUES

- Efficiency
- Integrity
- Compassion
- Accountability
- Ownership
- Inclusivity

(c) Key Management

The hospital's management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent/ Chief Executive Officer	Mahat Salah Sheikh
2.	Head of finance	CPA Abdullahi Diriye Ibrahim
3.	Head of supply chain	Ahmed Mohamud Bashir
4.	Director of Clinical Services	Dr. Hussein Noor Buro
5.	Nursing In charge	Amina Daud Yussuf

(e) Fiduciary Oversight Arrangements

The oversight arrangements include;

1. Quality & Development

- i) Identifying health care service problems in the hospital and ensuring that they are resolved;
- ii) Review any changes on policy issues on standards, quality assurance and research;
- iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery

2. Finance & Administration committee

- i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board;
- ii) Reviewing the performance, objectivity, and independence of external auditors;
- iii) Consideration of audit findings by the external auditors;
- iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function;

3. Risk & Audit Committee

- i) Reviewing the Hospital's internal control and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework.
- ii) Provide a forum for communication between the board, management and external risk management advisors
- iii) Assist the board in its oversight responsibilities by monitoring and advising on operational risks, including clinical risks.

4. County Assembly

- i) Scrutinize Budget estimates and budget documents and make appropriate recommendations;
- ii) Monitors budget performance of the hospital
- iii) Ensure that the relevant hospitals accounts on its expenditure;
- iv) Consider reports of the Auditor-General;

5. Parliamentary committees

- i) Develop a framework to guide and assist County Governments in the establishment of institutional structures for the management of health;
- ii) Coordinate intra and inter agency and governmental consultations on health sector issues, including existing and evolving health policies, legislation, regulations and programmes;
- iii) Coordinate and harmonize CoG views and perspectives on health matters;
- iv) Create forums for sharing of emerging issues and best practices, including modalities for prioritization and promotion of health an instrument for socio-economic growth

(f) Entity Headquarters

P.O. Box 29-70100
Garissa Referral Hospital
Kismayu Road
Garissa, KENYA

(g) Entity Contacts

Telephone: (+254) 720705683
E-mail: pghgarissa@yahoo.com
Website: www. Gcrh,go.ke

(h) Entity Bankers

Kenya Commercial Bank
Gulf African Bank
Garissa Branch

(i) Independent Auditors

Auditor General

Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




(j) Principal Legal Adviser


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



(k) County Attorney


P.O. Box. 563 -70100
Garissa, Kenya

3. The Board of Management




Ref	Directors	Details
1.	 <p data-bbox="320 1070 592 1099">Mr Bishar Gure Gedi</p>	<p data-bbox="890 353 1473 443">I Bishar Gure GEDI was born in the year 1957.</p> <p data-bbox="890 465 1358 495">We to Dadaab primary school 1968.</p> <p data-bbox="890 517 1473 607">Later joined Garissa secondary school and did my EACE in the year 1976.</p> <p data-bbox="890 629 1473 775">I went to Shanzu teachers training college 1977 as primary teacher and qualified as a pl teacher in 1979.</p> <p data-bbox="890 797 1473 887">I was in the field of teaching for a period 14 years.</p> <p data-bbox="890 909 1473 1155">In the year 1990 , I transferred my services provincial administration and became senior chief of liboi location. In year 1997 , joined politics and veid for liboi ward councilor which i continued until 2013</p> <p data-bbox="890 1178 1473 1267">In 2014 I became liboi ward administrator until 2020.</p>
2.	 <p data-bbox="316 1536 624 1570">Doris Wangeci Gichuki</p>	<p data-bbox="890 1317 1198 1406">Doris Wangeci Gichuki currently doing business</p> <p data-bbox="890 1429 1473 1518">served as a board member of budget and economic forum in 2017</p> <p data-bbox="890 1541 1318 1570">Currently board member at PGH.</p>
3.	 <p data-bbox="316 1798 576 1832">Mahat Sheikh Salah</p>	<p data-bbox="890 1626 1473 1821">Mahat Sheikh Salah, the new Acting CEO and Board Secretary of Garissa County Teaching and Referral Hospital (GCTRH), is a 51-year-old career public servant with over</p>



		<p>29 years of experience in the public sector, primarily in health and county government leadership. He holds an MSc in Healthcare Management from Unicaf University, Zambia, and is pursuing an MSc in Public Health at the University of Suffolk, UK. He also earned a BA in Management Development Studies from Kimmage Development School in Ireland, a Postgraduate Diploma in Management from UCLA, and diplomas in Health System Management and Pharmacy. His extensive career includes roles such as District and Provincial Pharmaceutical Facilitator, Health Commodity Logistic Manager, National Program Supervisor for Disease Surveillance, Deputy Director of Health Services, County Chief Officer for Trade/Health, and Chief Administrative Officer of GCTRH, culminating in his current appointment as Acting CEO.</p>
4.	 <p>Shaiya Hundle Hambe</p>	<p>Shaiya Hudle Hambe , A board member Worked as a salesperson with al Fatah supermarket 2000-2006 Worked with equity bank as front officer from 2008-2013 Worked with first community bank from 2013-2014 business banker</p>

		Currently working with County government of Garissa as sub County administrator Hold BA(human resource) from East Africa University
5.	 <p>Abdullahi Mohamed Abdi</p>	<p>CPA Abdullahi M. Abdi, with a 22-year career, is a distinguished leader in socio-economic transformation, climate resilience, and community empowerment. Currently pursuing a PhD in Development Studies, he builds on extensive education including a PhD in Leadership and Management, a Master of Business Administration (MBA – Finance), and a Bachelor of Commerce (BCom – Accounting). His leadership spans both public and private sectors, playing pivotal roles in enhancing education, livelihoods, and empowerment initiatives. Abdullahi has served on the boards of Adaptation Consortium Trust, Coast Development Authority, and Koitaleel Samoei University College, among others.</p> <p>A member of the Institute of Certified Public Accountants (ICPAK) and the Kenya Institute of Management (KIM), Abdullahi excels in blending financial expertise with strategic governance. He has fostered impactful partnerships and led projects significantly benefiting communities and the environment. With certifications from institutions like Harvard University and Kenya School of Government, his profile showcases a commitment to leadership excellence and continuous learning.</p>
6.	 <p>Omar Sheikh Abdisitar</p>	Omar Sheikh Abdisitar holds degree from faculty of. Law and jurisprudence Al azahar University. Islamic scholar. Imam and preacher. General secretary of Garissa interfaith and. A member of Supkem and CIPK (Council of Imam and preachers of Kenya)

7.	 <p data-bbox="327 555 608 591">Dr. Mohamed Ahmed</p>	<p data-bbox="890 197 1476 674">Dr Mohamed is a hospital board member,38 years old. Currently serving as the Chair of Quality and Development Sub-Committee of GCRH and also the current Garissa Sub county Medical officer of Health. He is a Pharmacist and served as GCRH Pharmacist in-Charge from 2014 - 2017, He has Masters in Public Health, epidemiology and Disease control from Kenyatta University</p>
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4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Mahat Sheikh Salah Dip Pharmacy Dip In Health Management Degree in Management/Development Msc. Healthcare Management Msc.Public Health</p>	<p>Medical Superintendent/CEO</p>
2.	 <p>Dr. Hussein Noor Buro Holds Masters of medicine in family medicine and Degree in Medicine</p>	<p>Director of Clinical Services</p>
3.	 <p>CPA Abdullahi Diriye Ibrahim Masters (MBA) in Finance and BCOM (Finance Option) and is Certified Public Accountant (CPA-K)</p>	<p>Head of Finance</p>

4.	 <p>Amina Daud HND in Critical Care Nursing</p>	Director Nursing Services
5.	 <p>Ahmed Mohamud Bashir Diploma in Supply Management.</p>	Head of Supply Chain

5. Chairman’s Statement

Garissa Level 5 hospital main mandate is referral hospital, it strengthens its provision in providing curative, preventive, promotive and rehabilitative health services.it offer specialized clinical services in various disciplines. It serves as a centre for research activities, training for medical student and health workers. Being a centre of excellence in healthcare delivery is always set and ready for the dynamic healthcare and environmental changes. The mother and child hospital ground breaking was done and construction is on-going. This is a major step towards improving overall mother and child care in this hospital. Future plans of the hospital is to increase subspecialties, conduct complex surgeries e.g. heart surgeries and neuro -sciences amongst others and collaborate with teaching and training entities to expand the Surgical fields in the institution. It is in this regard that I have the pleasure to present the hospital financial statements for ending 30th June 2025. The financial statements present the financial performance of the fund in relation to ensuring affordable and quality healthcare.

ACHIEVEMENTS

The HMB and hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial years, infrastructural development including perimeter wall and parking space.

LOOKING INTO THE FUTURE

The Board is optimistic that the hospital will be upgraded to a level six hospital. Consistent with our vision, Board continues to invest in Modern Technology, infrastructural and specialized human resources to position as the premier healthcare facility in the northern region. I greatly appreciate the commitment and inclusive support of the County Leadership, Board, Management, Staff and Stakeholders to the vision and mission of the hospital.

.....
BISHAR GURE GEDI
Chairman to the Board



GARISSA COUNTY REFERRAL HOSPITAL
P. O. Box 29 - 70100, GARISSA
Date:.....

6. Report of The Medical Superintendent

Garissa Level 5 Teaching and Referral Hospital was established early 1969 to cater for the health needs of the northern region and it's neighbouring. Since then it has grown to become referral hospital serving County, sub counties and more than 5 counties in Northern Region with a population of more than 3 million people.

The surrounding environment where the hospital is operating is critical in allowing the hospital to position itself to take advantage of emerging opportunities and deal with challenges. Fundamental importance in this environment is a government policy and the hospital is governed by the policies and regulations set by both national and county government departments responsible for health services.

The hospital derived its revenue from facility improvement fund (FIF) and county grants and hospital has realised great improvements of revenue compared to previous financial years. However, the cost of running is the facility is high putting the hospitals under stick financial constrain. The hospital strategic plan is to sustain a competitive business to achieve client satisfaction, financial sustainability and infrastructure development that reflects modern standards in medical practices.

The hospital based on the population that is serves is faced with a lot of challenges ranging from global issues, financial constrain, inadequate human resource, environmental challenge, and technological growth that hospital have to adopt in order to fulfil in the health service delivery. However, the management is looking forward to adopt technological transformation in order to increase operational efficiencies, patient focus service delivery and informed decision making. Despite all the challenges growth has been inevitable in our institution and improving quality of has been the main driver in ensuring continuous improvement of service delivery.

I take this opportunity to express my sincere gratitude and appreciation to the ministry of health, county government of Garissa, management and staffs for their continued support this made us to achieve this result.

.....
Mahat Sheikh Slah



Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Garissa Level 5 hospital has six strategic pillar within the current Strategic Plan for the FY 2024/2025.

These strategic pillars/ themes/ issues are as follows:

1. Curative and rehabilitative health services
2. Preventive and Promotive health services
3. Healthcare financing and sustainability
4. Quality improvement
5. General administration, Management support and coordination
6. Policy ,planning and HMIS

The hospital develops its annual work plans based on the above four pillars , as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and product	<ul style="list-style-type: none"> • To Establish and enhance good clinical governance 	<ul style="list-style-type: none"> • Hospital Drug formulary in place • No of stock-out tracer drugs • No of prescription reviewed • Updated SOPs 	<ul style="list-style-type: none"> • Rational use of Medications •Rational use of blood and blood products • Provision of Health products •Monthly Clinical Audits and mortality Meetings 	<ul style="list-style-type: none"> • Hospital Drug formulary In place. •%reduction in morbidity and mortality.
	<ul style="list-style-type: none"> • To ensure Quality Diagnostic Services 	<ul style="list-style-type: none"> • Registers • Survey reports • Client satisfaction report 	<ul style="list-style-type: none"> • Expand the scope of 24 hours specialized services • Introduce new specialized 	<ul style="list-style-type: none"> • CT Scan and MRI done on call 24 hours •UECs Culture sensitivity etc done 24 hours

			<p>Services</p> <ul style="list-style-type: none"> • Adhere to Quality Standards 	<ul style="list-style-type: none"> • EEG, ECG AND ECHO introduced and working 24 hours.
Quality Improvement	<ul style="list-style-type: none"> • Enhance Continuous Quality Improvement • Enhance customer care services 	<ul style="list-style-type: none"> • Training Reports • Customer care desks • Minutes of the change Agents 	<ul style="list-style-type: none"> • establish a quality management comitee • Training of staff on KQMH • Customer care desks 	<ul style="list-style-type: none"> • More Staff trained and its continuou s • A customer desks introduced at outpatient, at the entrance & Casualty
Human Resource and development	<ul style="list-style-type: none"> • Improved Performance management 	<ul style="list-style-type: none"> • Human Resource Department establishe d and functional • Human Resource Reports • Staff Appraisal Reports 	<ul style="list-style-type: none"> • Establish Human Resource Department • Conduct Quarterly and Annual Staff Appraisal 	<ul style="list-style-type: none"> • Human Resource Department functional • Staff Appraisals Done
	<ul style="list-style-type: none"> • To develop Staff establishment. 	<ul style="list-style-type: none"> • % staff trained • Training Needs Report • Key Competencies Identified 	<ul style="list-style-type: none"> • Carry out and Implement training Needs Assessment • Training of Staff on specialized 	<ul style="list-style-type: none"> • Training needs Identified • Staffs Trained on various related medical areas.

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8. Corporate Governance Statement

Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Garissa County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) **Board of Management.** The Board of Management is composed of non-executive members elected by the Governor of Garissa County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is three years renewal subject to performance.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget.

The full Board meets at least 4 times a year with a few special meetings. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

b) **Board Meetings.** the Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines.

c) **Board Remuneration.** Non-Executive Members provide services to the hospital to which they are entitled to allowances, the allowance is paid as per the government of Kenya allowance circulars.

d) **Committees of the Board.** the Board has four standing committees, which meet regularly under the terms of reference set by the Board. The standing committees as follows:

- Finance & Administration sub-committee
- Quality and Development Committee
- Audit & Risk Sub Committee

9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization. The institution began the financial year with a lot of goodwill from the County Government by reviving most departments that were close to shutting down in providing services e.g. dental, laboratory and renal among many others. This improved service delivery and confidence of the community to come and seek for services in the facility shown by the increment in patient numbers and increment in revenue collected by the facility during this period. Robust investment in resources to rehabilitate the wards will be important and engaging corporate clients will increase our competitive mark in offering specialised services in the region.

A research in the market and alternative options of supply chain management will be key in cutting cost measures and adopting an electronic information management will ensure accurate data capture, check n revenue collection and accountability in supply chain management.

Clinical/operational performance

During the financial year 2024-2025 a total of 172, 681 patients were treated in the outpatient departments. This was 99% outpatient service utilization in a hospital catchment population of 173,988 persons during the year. A total of 6,498 patients were treated as inpatient for medical and maternity cases.

The inpatient service utilization was affected by conversion of the facility to a COVID-19 isolation centre to manage COVID-19 patients. The transition saw the number of patients admitted reduce compared to the previous year.

The total deaths in the year were 620 with a mortality rate of 4.5% deaths per 1 000 persons. The hospital bed capacity for the year was 359 beds shared among paediatric medical, female medical, male medical and maternity. The reduction in bed capacity was due to conversion of one wing of medical ward to maternity ward.

FY	OUTPATIENT ATTENDANCE	MORTALITY	MORTALITY RATE	INPATIENT ADMISSION	BED CAPACITY
2021/2022	109,844	450	4%	10,534	300
2022/2023	133,740	715	7%	11,536	300
2023/2024	155,984	605	6%	13,085	300
2024/2025	172,861	620	4.5%	13,775	359

	ALOS in Days	Bed % Occupancy
2021/2022	108	50%
2022/2023	98	76%
2023/2024	103	69%
2024-2025	203	

Financial performance that includes: -

The hospital generated revenue amounting to kshs. 245,116,624 from user fees charged on patients during the year. The income was from cash paying clients and insurance companies mainly social health authority and Britam. The hospital did not receive transfer from the county government. By the close of the financial year the funds utilization was at 96%



Mahat Sheikh Salah
Secretary to the Board

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The Hospital and its stakeholders are increasingly emphasizing important need to secure sustainability for both its business and resource mobilisation and financing capability with objective of ensuring that the Hospital is going concern facility. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainable financing options:

- Enhancing client satisfaction through offering quality services
- Bringing on board more financial institutions e.g. banks and donors

ii) Environmental performance

Hospitals and care systems should make environmental sustainability a priority and create a culture of change to achieve lasting results. Implementing lasting sustainability initiatives in hospitals and care systems requires participation from multiple leaders across multiple departments, from senior executives to department-level advocates.

The hospital has coloured coded bins at all departmental levels and general cleanliness of the hospital is well maintained in both indoors and the ground. There is a challenge of high cost of fuel for incinerator for waste disposal.

iii) Employee welfare

The employment process involves bringing new employees into the organization. This is the mandate of county public service board in line with public service commission, human resource manual and procedures which provides guidelines governing recruitment and appointment of new officers

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. Capacity building of the employee is done through training programmes with government institutions who are offering short related courses in order improve performance, rewards for good performance and action for poor performance. Human Resource manual procedures provides for guidelines and standards for prevention and protection of officers against accident and occupational hazard arising at work place in relation of compensation for work related injuries and accident while in the course of employment.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

It's done through use of available of available website for advertisement.

b) Responsible Supply chain and supplier relations

Involvement of suppliers in the tendering process and giving them feedback in good time explaining to them reasons of award and rejections.

c) Responsible marketing and advertisement or Responsible engagement with citizens

It's done through use of website and local newspapers and community engagement.

d) Product stewardship or Awareness Creation

The Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives.

The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalised and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions.

v) Corporate Social Responsibility / Community Engagements

The Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives.

The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalised and

vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are to provide quality and affordable preventive, promotive and curative health services in northern region.

Results

The results of the entity for the year ended June 30, 2025 are set out on pages 1.

Board of Management

The members of the Board who served during the year are shown on page vii.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



Mahat Sheikh Salah

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

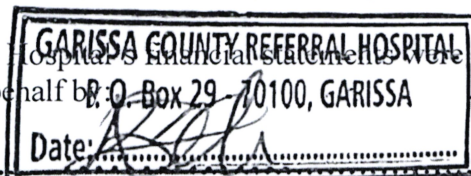
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The hospital's financial statements were approved by the Board on 13th November 2025 and signed on its behalf by P. O. Box 29 - 70100, GARISSA



Bashir Gure Gedi
Chairperson
Board of Management



Mahat Sheikh Salah
Accounting Officer

REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GARISSA LEVEL 5 TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF GARISSA

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Garissa Level 5 Teaching and Referral Hospital set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Garissa County Teaching and Referral Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported and Long Outstanding Trade and Other Receivables Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.93,953,561 as disclosed in Note 17 to the financial statements which relates to approved Social Health Authority (SHA) claims not yet received by the Hospital as at the end of the financial year. However, debtors' movement schedule indicating balance brought forward, amount accrued for the current period, payments received from the debtors to arrive at a closing balance of Kshs.93,953,561 were not provided for audit review. Further, the analysis in Note 17 to the financial statements which has been analyzed in years indicates that Kshs.27,483,484 had been outstanding for more than one (1) year.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.93,953,561 could not be confirmed.

2. Unsupported Capital Fund

The statement of financial position and the statement of changes in net assets reflect capital fund balance of Kshs.294,165,766. However, there was no schedule or explanation provided in support of the balance.

In the circumstances, the accuracy and completeness of the capital fund balance of Kshs.294,165,766 as at 30 June, 2025 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Garissa Level 5 Teaching and Referral Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.250,285,000 and Kshs.245,116,624 respectively, resulting to an under-funding of Kshs.5,168,376 or 2% of the budget. Similarly, the Hospital spent a total of Kshs.204,473,177 against actual receipts of Kshs.245,116,624, resulting in an under expenditure of Kshs.40,643,447 or 17% of the receipts.

The under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior year Matters

In the prior year audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following fifteen (15) issues remained unresolved as at 30 June, 2025:

S/No	Issue
1.	Unsupported Locum Allowances
2.	Non-disclosure of In-kind Contribution from the County Government
3.	Undisclosed Property, Plant and Equipment
4.	Unconfirmed Inventory Balance
5.	Unsupported Receivables
6.	Deficiencies In Implementation of Universal Health Coverage
7.	Irregular Engagement of Casual Workers
8.	Lack of Approved Budget
9.	Failure to Transfer Revenue to the County Revenue Fund Account
10.	Lack of Quarterly Revenue Reports
11.	Lack of Staff Establishment
12.	Lack of internal audit
13.	Lack of Risk Management Policy
14.	Lack of Information Technology Internal Controls
15.	Lack of Approved Strategic Plan

Other Information

The Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits, equipment and machinery requirements with significant deficits being noted in staffing levels and availability of critical equipment and equipment and machinery requirements.

1.1 Deficiencies in Staffing

The Hospital experienced significant shortfalls in staffing when compared to the Health Policy Guidelines for a Level 5 facility, as outlined below:

Staff Requirements	Level 5 Standard	Number in Hospital	Deficit	Percentage of the Deficit
Medical officers	50	21	29	58%
Anesthesiologists	7	0	7	100%
Cardiologist	2	0	2	100%
Gastroenterologist	2	0	2	100%
Pathologist	2	0	2	100%
BSN Nurses	100	9	91	91%
Critical Care Nursing Nurses	48	14	34	71%
Dental Officers	10	2	8	80%
Kenya Enrolled Community Health Nurses	250	20	230	92%
Kenya Registered Community Health Nurses	308	116	192	62%
Mortuary Attendants	10	1	9	90%
Total	789	174	615	78%

1.2 Deficiencies in Equipment and Machinery

Significant deficits were also noted in the availability of essential medical equipment and machinery, as shown below:

Equipment and Machinery Requirements	Level 5 Standard	Actuals in the Hospital	Deficit	Percentage %
Beds	500	300	200	40%
Resuscitative (2 in Labor & 1 in Theatre)	3	3	0	0%
New Born Unit Incubators	10	3	7	70%
Functional ICU Beds	12	4	8	67%
High Dependency Unit (HOU) Beds	12	2	10	83%
Support and Utility Vehicles	8	1	7	88%
At Least 7 Functional Operational Theatres- Maternity & General	7	4	3	43%
Total	552	317	235	43%

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which include the right to health care services, including reproductive health care as required by Article 43 (1) of the constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital may not be able to deliver on its mandate.

2. Irregularities in the Contract on Installation of Revenue Collection Software

The Hospital entered into a contract agreement with a local Commercial Bank on 30 April, 2025 for installation of revenue collection software with a payment plan of one- off payment of Kshs.300,000 and quarterly deductions from the Hospital account of Kshs.200,000 for a period of five (5) years.

However, review of the contract agreement between the Bank and the Hospital revealed following anomalies in respect of data protection:

- i) It was not clear who was to act as the data controller and the data processor,
- ii) There was no mention on data security measures in the contract,
- iii) No provisions for notifying the entity in the event of a data breach involving the patient's names and failure to disclose where or how the patients' details will be hosted or managed.

The gaps in the contract could potentially result in non-compliance with the data localization requirements. This is contrary to Section 25 of the Data Protection Act, 2019 which provides that every data controller or data processor shall ensure that personal data is processed in accordance with the right to privacy of the data subject and processed lawfully, fairly and in a transparent manner in relation to any data subject.

In the circumstances, Management was in breach of the law.

3. Climate Change and Financing

During the audit review, it was noted that the Hospital did not make any expenditure allocations or financing provisions for climate change initiatives during the year under review. This indicates non-prioritization of climate change actions, contrary to the requirements of the Climate Change Act, 2016 and the national development agenda on climate resilience.

In the circumstances, Management was in breach of the law.

4. Failure to Meet Threshold on Recruitment of Persons with Disabilities

The Hospital engaged only one (1) person living with disability out of a total of one hundred and forty-four (144) casual workers, representing approximately 0.69% of the total casual workforce. This falls significantly short of the minimum threshold prescribed under Section B.23 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which requires that at least five percent (5%) of all appointments be allocated to persons with disabilities. This indicates non-compliance with the legal and policy provisions aimed at promoting inclusivity and equal employment opportunities for persons with disabilities in public service employment.

In the circumstances, Management was in breach of the law.

5. Lack of Ethnic Diversity in Casual Staff Recruitment

Review of staff data presented for audit revealed that the Hospital engaged one hundred and forty-four (144) casual employees during the period under review. However, out of these, seventy (70), representing 48.6%, were female, while seventy-four (74), representing 51.4%, were male. While the gender distribution appears relatively balanced, it was noted that all the casual employees were drawn from the same ethnic community. This is in contravention of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires public institutions to reflect the ethnic diversity of the people of Kenya and to ensure that no public establishment employs more than one-third of its staff from a single ethnic group.

In the circumstances, Management was in breach of the law.

6. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.30,995,424 as disclosed in Note 20 to the financial statements. Included in the payables is a balance of Kshs.25,838,329 or 83% which has been outstanding for more than one year. However, the payables were not appropriately classified as first charge liabilities contrary to the National Treasury Circular No. 10/2020 dated 16 June, 2020 which directs prompt clearance of pending bills and that payment of pending bills are treated as a first charge to subsequent years approved budget.

In the circumstances, Management was in the Treasury Circular.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit

During the year under review, the Hospital did not have internal audit arrangements, contrary to Section 155 of the Public Finance Management Act, 2012, which states that a County Government entity shall ensure that it complies with the Act and has

appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, it was not possible to confirm the effectiveness on oversight on internal controls, risk management and governance systems in the Hospital.

2. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital did not put in place risk management policies, strategies, disaster recovery plan and risk register to mitigate against risk.

In the circumstances, it was not possible to confirm the effectiveness on oversight on internal controls, risk management and governance systems in the Hospital.

3. Incomplete Fixed Asset Register and Lack of Asset Management Policies

The hospital does not have an updated fixed assets register in place indicating the cost, asset tag number and asset location. Further, the fixed asset register provided for audit did not incorporate the fixed assets procured during the year as required by Regulation 136 of the Public Finance Management (County Government) Regulations, 2015.

Further, it was observed that the Hospital does not have in place policies and procedures relating to asset management and the non-current assets were not physically inspected on a regular basis. The Hospital did not also maintain a register of land and buildings recording each parcel of land and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, leasehold terms, maintenance contracts and other pertinent management details.

In the absence of an up-to-date fixed asset register, the risk of loss of assets through pilferage is high.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	10,000,000
In-kind contributions from the County Government	7	887,690,453	0
			10,000,000
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	311,320,701	145,247,953
Revenue from rent of facilities	9	266,000	285,000
Revenue from exchange transactions		311,586,701	145,532,953
Total revenue		1,199,277,154	155,532,953
Expenses			
Medical/Clinical costs	10	84,939,705	60,966,988
Employee costs	11	887,154,012	38,281,150
Board of Management Expenses	12	416,000	758,000
Depreciation and amortization expense	13	18,438,540	0
Repairs and maintenance	14	9,067,036	22,359,200
General expenses	15	51,308,075	52,322,048
Total expenses		1,051,323,368	174,687,386
Net Surplus / (Deficit) for the year		147,953,786	(19,154,433)

GARISSA COUNTY REFERRAL HOSPITAL
P.O. Box 29 - 70100, GARISSA
Date: _____

Bashir Gure Gedi
Chairman
Board of Management

GARISSA COUNTY REFERRAL HOSPITAL
P.O. Box 29 - 70100, GARISSA
Date: _____

Abdullahi Diriye
Head of Finance
ICPAK No:23392

11th November 2025 and signed
Date: _____
Mahat Sheikh Salah
Medical Superintendent

15. Statement of Financial Position As At 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	56,997,094	16,353,638
Receivables from exchange transactions	17	93,953,561	27,483,484
Inventories	18	37,791,293	0
Total Current Assets		188,741,948	43,837,122
Non-current assets			
Property, plant, and equipment	19	294,165,766	0
Total Non-current Assets		294,165,766	0
Total assets (A)		482,907,714	43,837,122
Liabilities			
Current liabilities			
Trade and other payables	20	30,995,424	34,045,383
Refundable deposits from Patients/Prepayments	21	0	0
Total Current Liabilities		30,995,424	34,045,384
Non-current liabilities			
Total non-current liabilities		0	0
Total Liabilities (B)		30,995,424	34,045,384
Net assets (A-B)		451,912,290	9,791,738
Represented by:			
Accumulated surplus/Deficit		157,745,524	9,791,738
Capital Fund		294,165,766	0
Net Assets		451,911,290	9,791,738

GARISSA COUNTY REFERRAL HOSPITAL
The Hospital's financial statements were approved by the Board on 13th November 2025 and signed on its behalf by:
Date: _____

Bashir Gure Gedi
Chairman
Board of Management

GARISSA COUNTY REFERRAL HOSPITAL
P. O. Box 29 - 70100, GARISSA
Date: _____

Abdullahi Diriye
Head of Finance
ICPAK No:23392

Mahaf Sheikh Salah
Medical Superintendent

16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	28,946,171	0	28,946,171
Surplus/(deficit) for the year	(19,154,433)	-	(19,154,433)
As at June 30, 2024	9,791,738	0	9,791,738
At July 1, 2024	9,791,738	0	9,791,738
Surplus/(deficit) for the year	147,953,786	-	147,953,786
Capital/Development grants	-	294,165,766	294,165,766
At June 30, 2025	157,745,524.0	294,165,766	451,911,290

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	10,000,000
Rendering of services- Medical Service Income		244,850,624	135,613,250
Revenue from rent of facilities		266,000	285,000
Total Receipts		245,116,624	145,898,250
Payments			
Medical/Clinical costs		66,098,259	45,700,385
Employee costs		49,979,492	38,281,150
Board of Management Expenses		416,000	758,000
Repairs and maintenance		9,067,036	22,359,200
General expenses		51,308,075	51,392,048
Total Payments		176,868,862	158,490,783
Net cash flows from operating activities		68,247,762	(12,592,533)
Cash flows from investing activities			
Purchase of property, plant, equipment		27,604,306	0
Net cash flows used in investing activities			0
Cash flows from financing activities			
Net cash flows used in financing activities		-	0
Net increase/(decrease) in cash and cash equivalents		40,643,456	(12,592,533)
Cash and cash equivalents as at 1 July		16,353,638	28,946,171
Cash and cash equivalents as at 30 June		56,997,094	16,353,638

*Garissa Level 5 Teaching and Hospital (Garissa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	B	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Rendering of services- Medical Service Income	250,000,000	-	250,000,000	244,850,624	5,149,376	98%
Revenue from rent of facilities	285,000	-	285,000	266,000	19,000	93%
Total receipts	250,285,000		250,285,000	245,116,624	5,168,376	94%
Payments						
Medical/Clinical costs	80,966,988	-	80,966,988	66,098,268	14,868,720	86%
Employee costs	70,281,150	-	70,281,150	49,979,492	20,301,658	86%
Remuneration of directors	1,355,614	-	1,355,614	416,000	939,614	55%
Repairs and maintenance	27,359,200	-	27,359,200	9,067,036	18,292,164	33%
General expenses	70,322,048	-	70,322,048	51,308,075	19,013,973	84%
Total Operational Expenditure	250,285,000	-	250,285,000	176,868,871	73,416,129	70.45%
Surplus				68,247,753	(68,247,753)	%
Capital Expenditure	-	-	-	27,604,306		%

19. Notes to the Financial Statements

1. General Information

Garissa Level 5 Teaching and Referral Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Garissa County Government and is domiciled in Garissa County in Kenya. The entity's principal activity is to provide health care.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>

Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <i>iii.</i> Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 30 June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 10 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Notes to the Financial Statements (Continued)

h. Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

v. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	0	10,000,000
Total government grants and subsidies	0	10,000,000

6 (b) Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Garissa County Government	0	0	0	0	10,000,000
Total	0	0	0	0	10,000,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	836,919,259	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	50,771,194	0
Total grants in kind	887,690,453	0

8. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	11,400,120	6,513,348
Laboratory	39,591,305	31,037,247
X-Ray	10,641,651	8,071,851
Radiology	10,934,380	8,269,550
Orthopedic and Trauma Technology	678,734	541,813
I.C.U	2,227,600	1,802,304
Wards	9,518,009	5,196,089
Public Health	747,328	442,328
Physiotherapy	728,176	492,200
Occupational Therapy	509,190	344,640
Renal Unit	2,931,600	1,646,500
HDU	840,300	882,800
Administration	539,200	485,570
Theatre	10,374,710	6,579,700
Ear Nose and Throat service- Eyes	2,203,550	1,735,950
Cancer centre service	9,717,161	4,016,133
Dental services	1,603,151	1,145,991
Farewell home services	801,000	572,500
Casualty	1,149,522	915,060
Records	3,801,805	2,347,445
SHA	189,280,109	61,207,834
Other medical services income (Maintenance)	1,102,100	1,001,100
Total revenue from the rendering of services	311,320,701	145,247,953

Notes to the Financial Statements (Continued)

9. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Residential property	0	0
Commercial property	266,000	285,000
Total Revenue from rent of facilities	266,000	285,000

10. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	476,450	0
Laboratory chemicals and reagents	17,153,501	17,565,157
Food and Ration	20,896,352	28,154,493
Uniform, clothing, and linen	889,003	0
Dressing and Non-Pharmaceuticals	4,628,883	7,644,112
Pharmaceutical supplies	25,154,209	4,933,331
Health information stationery	6,437,950	0
Reproductive health materials	31,100.00	0
Sanitary and cleansing Materials	6,054,668	0
X-Ray/Radiology supplies	3,217,589	2,669,895
Total medical/ clinical costs	84,939,705	60,966,988

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	887,154,012	38,281,150
Employee costs	887,154,012	38,281,150

Notes to the Financial Statements (Continued)

12. Board of Management Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting allowance	416,000	0
Induction and Training	0	628,000
Travel and accommodation allowance	0	130,000
Total	416,000	758,000

13. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	18,438,540	0
Total depreciation and amortization	18,438,540	0

14. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	0	0
Medical equipment	5,678,002	0
Furniture and fittings	2,432,328	0
Computers and accessories	0	500,000
Maintenance of Plant and Equipment	0	21,326,655
Motor vehicle expenses	956,706	532,545
Total repairs and maintenance	9,067,036	22,359,200

Notes to the Financial Statements (Continued)

15. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	0	18,000
Catering expenses	5,859,557	58,750
Waste management expenses	90,000.00	0
Bank charges	101,534	156,651
Contracted services	10,212,100	7,900,000
Electricity expenses	3,000,000	12,513,939
Fuel and Lubricants	4,659,942	6,000,000
Travel and accommodation allowance	8,774,610	6,843,069
Printing and stationery	7,160,897	13,001,539
Hire of transport services	120,000	0
Water and sewerage costs	5,000,000	0
Telephone and mobile phone services	60,000.00	60,000
Internet expenses	0	600,000
Staff training and development	284,000	0
Subscriptions to professional bodies	388,219	487,200
Other General Expenses	5,122,216	4,682,900
Consultancy Services	475,000	0
Total General Expenses	51,308,075	52,322,048

Notes to the Financial Statements (Continued)

16. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	56,997,094	16,353,638
Total cash and cash equivalents	56,997,094	16,353,638

16 (a). Detailed Analysis of Cash and Cash Equivalents.

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1252840403	56,997,085	15,903,216
Gulf African Bank	340006101	9	450,422
Sub- total			16,353,638
Grand total		56,997,094	16,353,638

17. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	93,953,561	27,483,484
Total receivables	93,953,561	27,483,484

Analysis of Receivables From Exchange Transactions.

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	66,470,077	90%	27,483,484	100%
Between 1- 2 years	27,483,484	10%	0	0%
Total (a+b)	93,953,561	100%	27,483,484	100%

18. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	37,791,293	0
Total	37,791,293	0

*Garissa Level 5 Teaching and Hospital (Garissa County Government)
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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost							
At 30 th Jun 2024	0	0	0	0	0	0	0
At 1 July 2024	50,000,000	70,000,000.0	15,000,000.0	18,000,000.0	12,000,000.0	120,000,000.0	285,000,000
Additions	0	8,781,203.00	-	4,031,762.00	5,274,279.00	9,517,062.00	27,604,306.00
At 30 th Jun 2025	50,000,000	78,781,203.00	15,000,000.00	22,031,762.00	17,274,279.00	129,517,062.00	312,604,306
Depreciation and impairment		2%	12.50%	12.50%	33.33%	5%	
At 1 July 2023		0	0	0	0	0	0
Depreciation for the year		0	0	0	0	0	0
At 30 June 2024		0	0	0	00	0	0
At July 2024		0	s0	0	0	0	0
Depreciation		1,575,624.06	1,875,000.00	2,753,970.25	5,758,093.00	6,475,853.10	18,438,540.41
At 30 th June 2025		1,575,624.06	1,875,000.00	2,753,970.25	5,758,093.00	6,475,853.10	18,438,540.41
Net book values							
At 30 th June 2025	50,000,000	77,205,578.94	13,125,000.00	19,277,791.75	11,516,186.00	123,041,208.90	294,165,766

Garissa Level 5 Teaching and Hospital (Garissa County Government)
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Notes to the Financial Statements (Continued)

20. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	30,995,424		34,045,384	
Total trade and other payables	30,995,424		34,045,384	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	5,157,095	19%	34,045,384	100%
1-2 years	25,838,329	81%	0	%
Total	30,995,424	%	34,045,384	100%

Notes to the Financial Statements (Continued)

21. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Hospital's ability to continue as a going concern.

Notes to the Financial Statements (Continued)

22. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Garissa County Government is the principal shareholder of the hospital, holding 100% of the hospital's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

23. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

24. Ultimate and Holding Entity

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Garissa.

25. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Unsupported Locum Allowances	The locum was approved by the County Public Service Board and correspondence will be provided for review.	Not Resolved	April 2026
2	Non-Disclosure of In-Kind Contribution from the County Government	it's true that the hospital received medical drugs from Kenya Medical Supplies Agency (KEMSA) paid by the County Government as well as salaries as noted by the auditor. The donations is for a campaign against TB for the county to curb the TB menace in the rural Sub Counties, this drugs were delivered to the department of health services as an agent for all the facilities in the County. In view of the above, the receiving, issuing, reporting and stock taking was all done at the department level. Reporting it in the facility financial statement will lead to double reporting.	Not Resolved	April 2026
3	Non-Disclosure of Property, Plant and Equipment	The hospital did not procure the assets and property by itself since the same is done by the county executive through the Department of Health Services.	Not Resolved	April 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>Some of the assets verified by the auditor such as Land, machineries, other equipment and building are the assets of the National government which are yet to be officially handed over and others procured by the county executive.</p> <p>The hospital management maintains assets register for all assets in their possession to ensure proper record-keeping, safeguarding, and accountability.</p>		
4	Unconfirmed Inventory	These items are procured by the County Executive through the Department of Health Services. The hospital receives its inventory, including pharmaceuticals and non-pharmaceuticals, upon delivery by KEMSA and other designated suppliers.	Not Resolved	April 2026
5	Unsupported Receivables	The NHIF claims and payments are purely system generated. The payments are all based on batch system that correlates on first come first services. The receivables and claims are all recorded in the NHIF system. Since NHIF is a reputable government parastatal we believe the payments are done even though we experience delays most of the times. The hospital management team has no control on time of payment but just to follow on their next planned disbursements.	Not Resolved	April 2026
6	Deficiencies in Implementation of	The Garissa Level 5 Teaching and Referral Hospital received a charter for Level Five status upon verification	Not Resolved	April 2026

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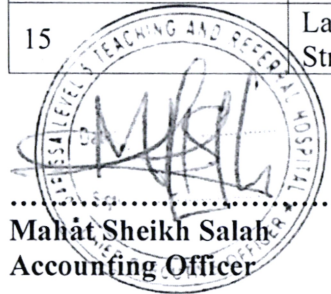
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Universal Health Coverage (UHC)	of all aspects and categories, and the hospital fully met the requirements as noted by the auditor. The hospital has all the required personnel and machinery, except for a few items that the auditor highlighted as unavailable, such as anesthesiologists, Medicals Officers and New Born Unit Incubators and High Dependency Unit (HDU) Beds which have been recruited the financial year under review.		
7	Irregular Engagement of Casual Workers		Not Resolved	April 2026
8	Lack of Approved Budget	The hospital's Budget is part of the main budget approved for the Department of Health Services. The hospital only receives Authority to Incur Expenditure (AIE) for their operations from the County Treasury as transfers from the County Executives from time to time. These funds are appropriated as per the hospital needs and plans by the Board of Management and expenditure returns on the utilization of the transfers is prepared and submitted to the County Treasury for the same.	Not Resolved	April 2026
9	Failure to Transfer Revenue to the County Revenue Fund Account	This was informed by the need of urgent medical services that could not await for requisition to be done through the County Treasury. It may take weeks if not months to access funds once a requisition for the funds is done. As such, saving the lives of Kenyans requires prompt interventions.	Not Resolved	April 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
10	Lack of Quarterly Revenue Reports	With enactment of the FIF Bill which came into effect on 1st October,2024, has changed a lot in the revenue sector of the hospital. The hospital has taken the responsibility of ensuring that revenues are collected, streams expanded, and the collected revenues are deposited through playbill to a consolidated revenue account. Going forward the entity will be responsible of making its own quarterly and yearly revenue reports.	Not Resolved	April 2026
11	Lack of Staff Establishment	The hospital staffs are under the hospital staff establishment that provides a comprehensive organizational structure and establishment that clearly indicates optimal establishment, job groups, nature of employment and vacancies that can be filled either through promotion or employments for all the cadres across the County approved by the County Public Service Board. The staff establishment has been retrieved and is now available for review.	Not Resolved	April 2026
12	Lack of Internal Audit	The hospital has an internal auditor seconded from the county executive. The officer performs internal audit reviews and report to the county internal audit director who incorporates the report with those from other county departments to be discussed by the county audit	Not Resolved	April 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		committee to helps to keep balances and checks at the hospital.		
14	Lack of Information Technology Internal Controls	The Management has since taken proactive steps to address this gap by developing ICT policies, which was approved.	Not Resolved	April 2026
15	Lack of an Approved Strategic Plan	The hospital took the initiative to prepare strategic plan and now its in use	Not Resolved	April 2026



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Mahat Sheikh Salah
 Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

No Projects implemented by the Hospital Funded by development partners

Status of Projects completion

N/A

Appendix III: Inter-Entity Confirmation Letter

No inter entity transfers for the period under review

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Appendix IV Reporting of Climate Relevant Expenditures

No Climate expenditures were incurred during the year under review.

Appendix V: Disaster Expenditure Reporting Template

No Disaster expenditures incurred during the period under review.