

REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

LAISAMIS SUB-COUNTY LEVEL 4 HOSPITAL

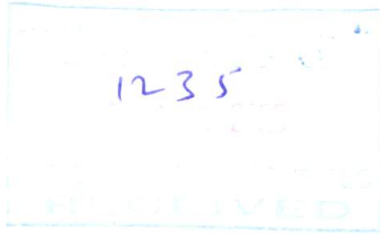
FOR THE YEAR ENDED
30 JUNE, 2025

	PAPERS LAID
DATE	18/2/20
TABLED BY	helegwe
COMMITTEE	
CLERK AT THE TABLE	Poly cap

COUNTY GOVERNMENT OF MARSABIT







**Laisamis Sub County
Level 4 Hospital
(Marsabit 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)

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management	vi
4. Key Management Team	vii
5. Chairman’s Statement	viii
6. Report of The Medical Superintendent	ix
7. Statement of Performance Against Predetermined Objectives	xii
8. Corporate Governance Statement	xv
9. Management Discussion and Analysis	xvi
10. Environmental And Sustainability Reporting	xix
11. Report of The Board of Management	xxii
12. Statement of Hospital Management’s Responsibilities	xxiii
13. Report of the Independent Auditor of Laisamis Sub County Level 4 Hospital.	xxiv
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30th June 2025	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	4
17. Statement of Cash Flows for The Year Ended 30 June 2025	5
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	6
19. Notes to the Financial Statements	8
20. Appendices	53

1.

Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

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

Laisamis sub county hospital is a level 4 hospital under Department of Health and it is being governed by the Hospital Management Team with vision to provide efficient services to clients. It is relatively young hospital and picking up well. The hospital offers affordable 24 hours medical services to its client with increased customer satisfaction and improved quality of service. The hospital is situated in Marsabit county, Laisamis sub-county, Laisamis ward.

The facility was started by Africa oil as Corporate Social responsibility to the community of Laisamis as a dispensary before the onset of devolution in 2012, then upgraded to a Health Centre and on August 2017 the hospital was given License to operate as public medical institution level 4 under registration number GK-008528.

As of June 30th, 2024, the hospital faced significant infrastructural and operational challenges. It lacked an operating theater, suffered from inadequate power supply that hindered the functionality of essential medical equipment, and operated with limited staffing and service units. However, by June 30th, 2025, we are pleased to report transformative improvements in service delivery. The hospital now boasts two fully operational and well-equipped theaters, supported by a comprehensive power upgrade that includes the installation of both a transformer and a generator. Clinical staffing has nearly doubled, rising from 47 personnel in 2024 to 88 by mid-2025. Progress is evident across all seven pillars of health, with notable milestones such as the establishment of a fully-fledged imaging department which was previously nonexistent and now serves as the sole imaging center for the entire constituency. The hospital is a 102-bed capacity facility that provides 24-hour outpatient services, as well as comprehensive medical and surgical services.

(b) Principal Activities

The hospital is mandated to provide an integrated comprehensive high quality promotive, curative and rehabilitative health services.

Mission

To provide the highest Standard of Health Services by Developing health system that is technology driven, equitable, accessible and county oriented.

Vision

A healthy county population for economic development and quality life.

Core values

Professionalism, team work, collaboration, integrity, Accountability, customer focus, equity and equality.

Core Objective

To improve and maintain the health and well-being of individuals and communities.

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

(c) Key Management

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

- County department of health
- Chief Executive Officer
- Hospital Management Team

(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.	Chief Executive officer	Mr.Liban Waqo
2.	Nursing Officer In charge	Mr.Moses Learamo
3.	Head of Human Resource Officer	Mrs Rose Maaro
4.	Head of Accounts and Finance	Mr. Kibet Gideon Ronoh
5.	Medical Superintendent	Dr.Mark Imbusi

(e) Fiduciary Oversight Arrangements

- Hospital Management Team
- Finance Committee
- Development Committee
- County Assembly
- Other oversight committees

(f) Entity Headquarters

P.O. Box 171-60500
Laisamis Sub County Referral Hospital
Isiolo - Marsabit Highway
Laisamis, KENYA

(g) Entity Contacts

Telephone: (+254) 712914270
E-mail: hospital.laisamis@gmail.com
Website: www.laisamishospital.go.ke

(h) Entity Bankers

Kenya Commercial Banks (KCB)
Marsabit 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

The County Attorney
P.O. Box. 384-60500,
Marsabit, Kenya

3. The Board of Management

During the year under review the hospital Board of Management was not in place, however, the governor is in the process of appointing all hospital board members in consultation with the County Assembly and County Public Service Board.

4. Key Management Team

Ref	Management	Details
	 Mr. Liban Waqo BSc. Public Health.	Chief Executive officer
	 Mr. Moses Learamo BSc. Nursing	Nursing Officer In charge
	 Dr. Mark Mbusi Bachelor of Medicine and Bachelor of Surgery	Medical Superintendent
	 Mr. Kibet Gideon Ronoh Bachelor of Commerce (Accounting Option), CPA-K.	Accountant

5. Chairman's Statement

The Board of Management had not been constituted during the year as required by section 6 of Marsabit County Health Services Act 2016. Consequently, there was no report of the chairman, however, the governor is in the process of appointing all hospital board members in consultation with the County Assembly and County Public Service Board.

6. Report of The Medical Superintendent

It is with great pride and a deep sense of responsibility that I present this year's Medical Superintendent's Report, reflecting on the remarkable progress and transformation witnessed at Laisamis Sub-County Level 4 Hospital since the last audited financial year. This report outlines key milestones in infrastructure development, service delivery, human resource growth, and financial performance each a testament to our collective commitment to delivering quality, equitable, and timely healthcare to the people of Laisamis and the wider Marsabit County.

Infrastructure Development and Bed Capacity Expansion

One of the most significant achievements during the reporting period has been the substantial expansion of our inpatient capacity. As of June 30th, 2024, the hospital operated with only 22 beds, which severely limited our ability to admit and manage patients effectively. Today, we proudly operate with a total of 102 beds a nearly fivefold increase.

This expansion was made possible through the successful construction and equipping of two critical inpatient units:

- A 33-bed female medical ward, designed to enhance privacy, comfort, and infection control.
- A 36-bed maternity unit, which includes a fully equipped operating theatre to support obstetric emergencies and elective procedures.

These developments have significantly improved patient flow, reduced congestion, and elevated the dignity and quality of care offered to our clients. The maternity unit, in particular, has been instrumental in improving maternal and neonatal outcomes across the sub-county.

Surgical Services and Theatre Operationalization

Equally transformative has been the operationalization of **two modern operating theatres**, a milestone that has redefined our surgical capacity. Prior to this, patients requiring surgical intervention were routinely referred to distant facilities, often at great cost and risk.

With the commissioning of these theatres:

- We now offer comprehensive surgical services, including emergency, elective, and obstetric procedures.
- The hospital has recorded a marked reduction in external referrals, improving continuity of care and patient satisfaction.
- Our surgical team has successfully conducted a growing number of procedures, ranging from caesarean sections to general surgeries, with outcomes that reflect growing clinical competence and system readiness.

This development has positioned Laisamis Hospital as a surgical hub within the sub-county, enhancing our responsiveness to emergencies and strengthening our role in the county's referral network.

Human Resource Growth and Capacity Building

Our human resource base has expanded significantly, from 47 staff members in FY 2023/2024 to 88 by the close of FY 2024/2025. This growth has been critical in supporting our expanded infrastructure and service portfolio.

Key highlights include:

- Recruitment of additional medical officers, nurses, clinical officers, laboratory technologists, and support staff.
- Enhanced interdisciplinary collaboration, leading to improved patient outcomes and staff morale.
- Ongoing capacity-building initiatives, including in-service training, mentorship, and performance reviews, aimed at fostering a culture of continuous improvement and professional excellence.

This growth has not only improved our service delivery capacity but has also contributed to a more resilient and motivated workforce.

Financial Performance Overview

From a financial perspective, the hospital has demonstrated prudent resource utilization and improved revenue performance. Key financial highlights include:

- A notable increase in internally generated revenue, largely attributed to the operationalization of surgical services and improved SHA reimbursements.
- Enhanced budget absorption and compliance with Public Finance Management (PFM) and IPSAS standards, ensuring transparency and accountability.
- Strategic reinvestment of resources into critical areas such as medical equipment, staff welfare, and infrastructure maintenance.

While challenges remain particularly in the timely disbursement of funds and procurement bottlenecks, we continue to work closely with the County Department of Health and other stakeholders to address these gaps and strengthen financial sustainability.

Looking Ahead

As we chart the path forward, our strategic priorities remain anchored in:

- Expanding specialized services, including imaging, paediatrics, and non-communicable disease management.
- Strengthening community health linkages to promote preventive care and early intervention.
- Enhancing data-driven decision-making, leveraging digital tools and dashboards for real-time performance monitoring.
- Fostering partnerships with development partners, regulatory bodies, and academic institutions to support innovation and capacity building.

Closing Remarks

This year has been one of profound fulfillment and transformation. Leading a passionate, skilled, and visionary team of healthcare professionals united by a shared mission to serve with integrity and compassion has been both humbling and inspiring. I am confident that with continued collaboration, strategic investment, and community trust, Laisamis Sub-County Level 4 Hospital will continue to grow as a beacon of hope and excellence in healthcare delivery.

Let us remain steadfast in our commitment to building a resilient, responsive, and patient-centred institution that truly reflects the aspirations of the communities we serve.

.....

Name

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Laisamis Sub-County Level 4 Hospital operates under a County Department of Health Strategic Plan anchored on four strategic pillars, each designed to strengthen healthcare delivery, institutional resilience, and financial sustainability. The hospital’s annual work plans are derived from these pillars and are assessed quarterly by the Hospital Management Committee and relevant oversight bodies. Performance targets for FY 2024/2025 were successfully achieved across all pillars, as outlined below.

Strategic Pillar 1: Infrastructure Expansion and Service Delivery

Objective	Key Performance Indicators	Activities	Achievements
Expand inpatient and surgical capacity to meet growing demand	<ul style="list-style-type: none"> - Increase in bed capacity - Number of operational theatres - Reduction in patient referrals 	<ul style="list-style-type: none"> - Construct and equip new wards - Operationalize surgical theatres - Upgrade maternity services 	<ul style="list-style-type: none"> - Bed capacity increased from 22 to 102 beds through construction of a 33-bed female ward and 36-bed maternity unit - Two modern operating theatres commissioned and fully functional - Significant reduction in external referrals for surgical cases

Strategic Pillar 2: Human Resource Development and Workforce Growth

Objective	Key Performance Indicators	Activities	Achievements
Strengthen staffing levels and professional capacity across departments	<ul style="list-style-type: none"> - Number of new staff recruited - Staff retention rate - Number of trainings conducted 	<ul style="list-style-type: none"> - Recruit clinical and support staff - Conduct in-service training and mentorship - Implement performance appraisals 	<ul style="list-style-type: none"> - Workforce expanded from 47 to 88 staff members - Improved staff retention and morale - Regular CPD sessions and mentorship programs conducted across departments

Strategic Pillar 3: Financial Stewardship and Resource Mobilization

Objective	Key Performance Indicators	Activities	Achievements
Enhance financial performance and compliance with PFM standards	- Growth in own-source revenue - NHIF/SHA claim turnaround time - Audit compliance score	- Strengthen SHA billing and claims - Implement IPSAS-compliant reporting - Address audit recommendations	- Increased SHA reimbursements due to expanded service offerings - Timely submission of financial reports - Audit recommendations implemented, improving internal controls and transparency

Strategic Pillar 4: Governance, Accountability, and Strategic Planning

Objective	Key Performance Indicators	Activities	Achievements
Promote ethical leadership, strategic oversight, and stakeholder engagement	- Number of HMT meetings held - Performance contract compliance - Stakeholder satisfaction index	- Conduct quarterly HMT reviews - Align departmental targets to performance - Engage community and partners	- Quarterly performance reviews conducted - Departmental targets tied to signed performance - Strengthened community trust and stakeholder collaboration

Performance Evaluation

All departmental heads and key staff at Laisamis Sub-County Level 4 Hospital undertakes quarterly assessments to track progress, identify gaps, and inform corrective actions. Achievements were documented and validated through internal audits, supervisory visits, and stakeholder feedback mechanisms.

The Future of the Hospital

The hospital remains committed to deepening its impact through:

- Continued infrastructure development, including imaging and diagnostic services.
- Strengthening digital health systems and data analytics for decision-making.
- Expanding specialized care and outreach programs.
- Enhancing staff welfare and professional development.

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Through strategic alignment, disciplined execution, and collaborative leadership, Laisamis Sub-County Level 4 Hospital continues to evolve as a centre of excellence in healthcare delivery within Marsabit County and beyond.

8. Corporate Governance Statement

The Hospital's Board of Management had not been constituted during the year under review as required by section 6 of Marsabit County Health Services Act 2016. As a result, aspect of Corporate Governance has not been included.

9. Management Discussion and Analysis

Clinical and Operational Performance

Bed Capacity Growth

Financial Year	Bed Capacity
FY 2022/2023	22 beds
FY 2023/2024	22 beds
FY 2024/2025	102 beds

The hospital expanded its capacity by 364% in FY 2024/2025 through the construction of a 33-bed female ward and a 36-bed maternity unit.

Patient Attendance Trends

Category	FY 2022/2023	FY 2023/2024	FY 2024/2025
Inpatient Attendance	103	171	458
Outpatient Attendance	4860	7091	6130
Accident & Emergency	70	120	300
Maternity Deliveries	143	279	167
Antenatal clinic Attendance	894	1243	868
Surgical Theatre Utilisation	0	0	38

The hospital recorded a consistent rise in patient volumes across all departments, reflecting improved access and service delivery.

The operationalization of two modern theatres in FY 2024/2025 significantly boosted surgical capacity and reduced referrals.

Sponsorships and Partnerships

- **SHA Accreditation:** Enhanced reimbursements and access to insured patients.
- **County Government of Marsabit:** Infrastructure and staffing support.
- **Donor Collaborations:** Maternal health outreach and training programs.

Financial Performance Overview

Revenue Sources

Source	FY 2022/2023	FY 2023/2024	FY 2024/2025

**Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Revenue Growth	2,891,675	4,076,651	14,192,449
Donor And Grants	0	46,000,000	400,000
Transfer from county Government	0	10,000,000	47,000,000

Medical service income nearly tripled in FY 2024/2025, driven by expanded services and SHA billing efficiency.

Utilization of Funds

- Payment of casual wages
- Purchase of Medical supplies
- Infrastructure Maintenance

The hospital maintained a healthy liquidity position despite increased spending, reflecting prudent financial management.

Key Projects and Investment Decisions

- **Completed:**
 - Construction of female ward and maternity unit.
 - Commissioning of two operating theatres.
 - Expansion of pharmacy and laboratory services.
 - Digitization of patient records and billing systems.
 - Staff housing and welfare facilities
- **Ongoing:**
 - Construction of X-ray and ultrasound block.
 - Equipping of Maternity block

Statutory Compliance

- Full compliance with:
 - Public Finance Management Act, 2012
 - IPSAS reporting standards
 - SHA
- Timely submission of financial statements and audit responses.

Major Risks and Mitigation Measures

Risk	Mitigation Strategy
------	---------------------

Delayed disbursement of funds	Advance planning and buffer reserves
Staff turnover	Improved welfare and training programs
Equipment downtime	Preventive and frequent maintenance
Rising operational costs	Enhanced internal revenue generation

Outlook and Strategic Focus

- Expand specialized services (e.g., paediatrics, imaging).
- Strengthen data analytics and dashboard reporting.
- Deepen community health outreach and preventive care.
- Enhance staff development and performance contracting.

10. Environmental And Sustainability Reporting

i) Sustainability Strategy and Profile

Laisamis Sub-County Level 4 Hospital exists to transform lives through citizen-centred healthcare delivery and operational excellence. Our sustainability strategy is informed by global macroeconomic and political trends—particularly the growing urgency around climate change, resource scarcity, and inclusive development. We align our efforts with international frameworks such as the **Sustainable Development Goals (SDGs)**, especially SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action).

During the reporting period, the hospital prioritized environmental stewardship, inclusive procurement, and community empowerment. Key achievements included:

- Expansion of water-efficient infrastructure and rainwater harvesting systems.
- Operationalization of a medical waste incinerator and segregation bins.
- Increased allocation of contracts to local suppliers.

Challenges included limited funding for green building upgrades and delays in implementing solar lighting systems. Mitigation measures involved phased budgeting and partnership development with NGOs and county departments.

Our Service Delivery Charter emphasizes transparency, timeliness, and dignity in care. Contract management procedures are guided by the Public Procurement and Asset Disposal Act, ensuring fair competition and inclusivity.

ii) Environmental Performance

Laisamis Hospital operates under an internal Environmental Policy Framework that promotes safe waste disposal, resource conservation, and climate-smart operations. Implementation highlights include:

- **Waste Management:**
 - Segregation using color-coded bins (red, yellow, black) for hazardous, infectious, and general waste.
 - Installation of a burning chamber for medical waste disposal.
 - Staff training on waste handling protocols and infection control.
- **Water Conservation:**
 - Use of low-flow faucets, pit latrines, and rainwater harvesting systems for cleaning and sanitation.
 - SOPs for water usage monitoring and leak prevention.
- **Energy and Emissions:**

- Transition to paperless systems in billing and reporting.
- Reduced use of plastic bottles and packaging.
- Plans underway for solar lighting in maternity and outpatient blocks.
- **Climate-Smart Initiatives:**
 - Installation of ACs in offices for air conditions and regulate to regulate the extreme temperatures of our locality.
 - Landscaping with drought-resistant plants.
 - Design of open-air waiting bays to maximize natural light and ventilation.

Shortcomings include limited recycling infrastructure and delayed rollout of solar heating. These are being addressed through phased implementation and stakeholder engagement.

iii) Employee Welfare

The County Human Resource Policy promotes inclusive hiring, professional development, and occupational safety. Recruitment practices ensure gender balance and prioritize youth and PWD inclusion. As of FY 2024/2025:

- 42% of staff are female, with youth comprising 35% of new hires.
- Stakeholder input is sought during policy reviews, conducted biennially.

Career development efforts include:

- Regular **CPD sessions**, mentorship, and performance appraisals.
- Recognition of excellence through quarterly awards and promotions.

Safety is governed by the **Occupational Safety and Health Act (OSHA) 2007**. Measures include:

- Routine safety audits and fire drills.
- Provision of PPE and ergonomic workspaces.
- Only two minor work-related injuries were reported, both resolved without long-term impact.

iv) Marketplace Practices

a) Responsible Competition

Laisamis Hospital upholds ethical competition through cashless payment systems and automated service points.

b) Responsible Supply Chain

We honour suppliers and ensure timely payments based on availability of fund and grievance redress mechanisms.

c) Responsible Engagement

Outreach efforts include:

- Community forums on health rights and service access.
- Regular updates via local radio, posters, and stakeholder meetings.
- Avoidance of exaggerated claims and respect for cultural diversity.

d) Product Stewardship

We safeguard citizen rights through:

- Clear service information on SHA, referrals, and emergency care.
- Confidential handling of patient data.
- Mechanisms for complaints, redress, and whistleblower protection.

v) Corporate Social Responsibility and Community Engagement

CSR activities in FY 2024/2025 focused on health promotion and community empowerment:

- Free medical camps held in Laisamis, Korr, and Loglogo.
- Tree planting drives in partnership with local schools.
- Distribution of sanitary kits to adolescent girls.
- Support for community health volunteers through training and stipends.

Public participation was evident in:

- Budget consultations and feedback forums.
- Joint planning of outreach programs with local leaders.

These initiatives have strengthened community trust, improved health literacy, and fostered a shared sense of ownership in healthcare delivery.

11.

Report of The Board of Management

During the year under review the hospital Board of Management was not in place, however, the governor is in the process of appointing all hospital board members in consultation with the County Assembly and County Public Service Board.

12. Statement of Hospital Management’s Responsibilities

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

The Hospital Management is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity 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 entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Hospital Management accepts responsibility for the entity’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 committee members are of the opinion that the entity’s financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2025, and of the entity’s financial position as at that date. The Committee members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control.

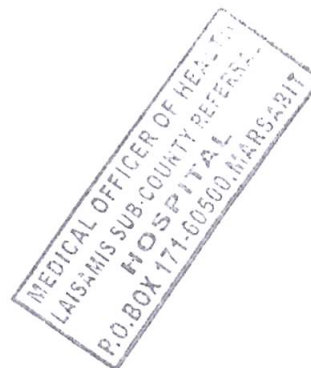
Nothing has come to the attention of the Hospital Management Committee to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved on 31/12/2025 and signed on its behalf by:

.....
Name: Liban Waqo
Chief Executive Officer

.....
Name: Kibet Gideon Ronoh
Accountant



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 LAISAMIS SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MARSABIT

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 Laisamis Sub-County Level 4 Hospital set out on pages 27 to 83, which comprise of the statement of financial position

Report of the Auditor-General on Laisamis Sub-County Level 4 Hospital for the year ended 30 June, 2025 – County Government of Marsabit

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 Laisamis Sub-County Level 4 Hospital 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 Marsabit County Health Services Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 29 to the financial statements reflect receivables from exchange transactions balance of Kshs.7,069,269 in respect of claims from the Social Health Authority. However, the balance was not supported with ledger that records and summarizes transactions upon which the financial statements were prepared. Further, the balance could not be verified from the Social Health Authority database.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.7,069,269 could not be confirmed.

2. Undisclosed Property, Plant and Equipment

The statement of financial position and Note 32 to the financial statements reflect property, plant and equipment balance of Kshs.48,444,940. Included in the balance is nil balances in respect of land and motor vehicles. However, review of documents and physical inspection revealed that the Hospital was in possession of land and motor vehicles which were not disclosed in the financial statements. The non-disclosure was not explained.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.48,444,940 could not be confirmed.

3. Undisclosed Depreciation Expense

The statement of financial performance and Note 32 to the financial statements reflect nil balance in respect of depreciation expense. However, buildings and civil works, furniture and fittings, ICT equipment's and plant and medical equipment with net book values of Kshs.4,000,000, Kshs.346,000, Kshs.328,000 and Kshs.33,170,940 respectively were not depreciated during the year under review.

In the circumstances, the accuracy and completeness of nil depreciation expense balance could not be confirmed.

4. Unsupported Revenue

4.1 Revenue from Exchange Transactions

The statement of financial performance and Note 11 to the financial statements reflect revenue from exchange transactions– medical service income balance of Kshs.14,192,449. Included in the balance is National Health Insurance Fund (NHIF) (Capitation) claims of Kshs.2,442,120 and Social Health Authority (SHA) claims of Kshs.10,692,843 that the Hospital received from the health insurance organizations within the year. However, the balances were not supported by schedules indicating the number of patient and services covered.

In the circumstances, the accuracy and completeness of revenue from exchange transactions balance of Kshs.14,192,449 could not be confirmed.

4.2 Revenue from Non-Exchange Transactions

The statement of financial performance reflects total revenue from non-exchange transactions balance of Kshs.63,093,309, comprising of transfer from the County Government, In-kind contributions from the County Government and grants from donors and development partners of Kshs.47,000,000, Kshs.15,693,309 and Kshs.400,000 respectively. However, the balances were not supported with ledgers.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions balance of Kshs.63,093,309 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laisamis Sub-County Level 4 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 receipts budget and actual amounts on comparable basis of Kshs.109,000,000 and Kshs.77,285,758 respectively, resulting to a shortfall of Kshs.31,714,242, or 29% of the budget. Similarly, the Hospital spent a balance of Kshs.47,809,448 against actual receipts of Kshs.77,285,758, resulting to an under-absorption of Kshs.29,476,310, or 38% of the actual receipts.

The shortfall in receipts and under-absorption affected the Hospital's 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's Audit Matters

The following issues raised on the Hospital in the previous year's audit report remain unresolved. The matters include;

1. Errors and Inaccuracies in the Financial Statements
2. Variances between the Financial Statements Balances and the Supporting Schedules
3. Unconfirmed income from Rendering of Services
4. Lack of a Payroll to Support Employee Costs
5. Non-Disclosure of Salaries and Wages paid by the County Government
6. Inaccurate Cash and Cash Equivalents Balance
7. Undisclosed Property, Plant and Equipment
8. Failure to Disclose Inventories
9. Variances in National Hospital Insurance (NHIF) Claims and Payments
10. Payment of Casuals Through Issuance of Imprest.
11. Irregular Management of standing Imprest.
12. Failure to Prepare Budget for The Hospital.
13. Lack of Internal Audit Services and Audit Committee.
14. Lack of Hospital Board of Management.
15. Lack of Organizational Strategic Plan, Disaster Recovery Plan and Risk Management Framework.
16. Failure to Meet Level 4 Requirements.
17. Lack of Contractual Agreements.

18. Lack of Fixed Asset Register and Ownership Documents

Other Information

Management is responsible for the Other Information set out on page 5 to 25, 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 Statement of Hospital 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. Presentation of the Financial Statements

The Report of the Medical Superintendent was not signed and while there was no Board of Management during the year under review, the approval and signing of the statement of financial performance by the Chairman was not explained. Further, the Hospital's Head of Finance who signed the financial statements did not indicate the ICPAK number, the statement of financial position was not started on a new page and the pagination numbering of the annual report and financial statements was not consistent with the table of contents and the Public Sector Accounting Standards Board (PSASB) reporting template.

In the circumstances, the financial statements did not conform to the requirements and format issued by the Public Sector Accounting Standards Board.

2. Management of Assets

The statement of financial position and Note 32 to the financial statements reflect property, plant and equipment balance of Kshs.48,444,940. The following unexplained anomalies were noted;

2.1 Lack of Updated Fixed Assets Register

The property, plant and equipment balance of Kshs.48,444,940 was not supported with complete and updated fixed assets register that entails identification or serial number, acquisition date, asset description, location, class, cost of acquisition, accumulated depreciation and net book value. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

2.2 Failure to Tag Assets

Included in the property, plant and equipment balance of Kshs.48,444,940 is amounts of Kshs.346,000 and Kshs.328,000 in respect of furniture fittings and office equipment and ICT equipment's respectively. However, physical inspection carried out in the month of October, 2025 of sampled chairs, tables and computers revealed that the assets were not tagged. This was contrary to Regulation 132(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that processes and procedures both electronic and manual are in place for the effective, efficient, economical and transparent use of the County Government entity's assets.

In the circumstances, the existence and safe custody of the fixed assets could not be confirmed.

3. Failure to Establish Hospital's Board of Management

As previously reported, review of the annual report and financial statements revealed that the Hospital's Board of Management had not been established. This is contrary to Section 6(1) of the Marsabit County Health Services Act, 2016 which provides for the establishment and composition of Sub-County Referral Hospital Management Board which is to be constituted and gazetted by the County Executive Member for Health in consultation with the Governor and other stakeholders.

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

4. Non-Compliance with Universal Health Coverage Requirements

As previously reported, review of services offered, available equipment and staffing levels at the Hospital revealed deficiencies as compared to the requirement of the Kenya Quality

Model for Health. The Hospital lacked key specialists, including anesthesiologists, general surgeons, gynecologists, pediatrics, and radiologists against the requirement of two specialists in each category. Further, only three (3) Medical Officers were available against the required sixteen (16) and twenty-eight (28) Registered Community Health Nurses instead of the required seventy-five (75).

In addition, the Hospital did not have functional Intensive Care Unit (ICU) beds, against the required five beds. Also, the available infrastructure was inadequate, with only one hundred and two (102) hospital beds, one (1) High Dependency Unit (HDU) bed and two (2) renal unit with at least 5 dialysis machines against the required one hundred and fifty (150), six (6) and five (5) respectively.

This was contrary to the First Schedule of the Health Act, 2017, which outlines the minimum staffing and facility standards for Level 4 hospitals, and undermines the realization of Article 43(1)(a) of the Constitution of Kenya, 2010, which guarantees the right to the highest attainable standard of health, including reproductive health care.

In the circumstances, the Hospital's capacity to provide adequate and quality healthcare services to the public as required in the Kenya Quality Model for Health Policy Guidelines could not be confirmed.

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 Risk Management Policy

Management did not provide evidence of the existence of Risk Management Policy to guide its Management on risk management assessment and formulation of risk mitigation strategies in the year under review. This is contrary to the Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015

which requires Accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the circumstances, the effectiveness of the internal controls on the Hospital's financial and operational system could not be confirmed.

2. Failure to Carry out Internal Audit

During the year under review, the Hospital did not conduct any internal audit activities which helps assess the effectiveness of internal controls, compliance with laws and policies, and the efficiency of operations. This was contrary to Section 155(1) of the Public Finance Management Act, 2012 requiring County Government entities to have appropriate arrangements for conducting internal audits.

In the circumstances, the effectiveness of internal controls, risk management and governance of the Hospital could not be confirmed.

3. Lack of ICT Governance Framework

During the audit, it was observed that the Hospital did not have an Information Technology (IT) Strategic Plan, IT security and upgrade policies, a disaster recovery and business continuity plan, or documented and tested emergency procedures.

In the circumstances, the effectiveness of the Hospital's ICT internal controls and risk management framework could not be confirmed.

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 Management and the 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

09 December, 2025

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 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			
Transfer from the County Government	6	47,000,000	10,000,000
In-kind Contributions from the County Government	7	15,693,309	
Grants from donors and development partners	8	400,000	46,000,000
		63,093,309	56,000,000
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	14,192,449	4,076,651
Revenue from exchange transactions		14,192,449	4,076,651
Total revenue		77,285,758	60,076,651
Expenses			
In-kind Contributions from the County Government	7	15,693,309	
Medical/Clinical costs	15	7,051,140	2,298,200
Employee costs	16	2,201,000	922,000
Hospital Management Expenses	17	320,000	59,000
Repairs and maintenance	19	726,010	
Grant and Subsidies	20	47,400,000	56,000,000
General expenses	21	3,520,811	695,500
Total expenses		76,912,270	59,974,700
Other gains/(losses)			
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		373,488	101,951

The Hospital's financial statements were approved by the Board on 3/12/2025 and signed on its behalf by:

..... *Umuo*

Chairman

Board of Management

..... *JKS*

Head of Finance

ICPAK No:

..... *Amuel*

Medical Superintendent

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



Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


Description	Note	2024/2025	2023/2024
		Kshs	
Assets			
Current assets			
Cash and cash equivalents	27	173,850	31,086
Receivables from exchange transactions	29	7,069,269	1,165,700
Inventories	31	6,861,090	90,000
Total Current Assets		14,104,209	1,196,786
Non-current assets			
Property, plant, and equipment	32	48,444,940	90,000
Total Non-current Assets		48,444,940	56,000,000
Total assets (A)		62,549,149	56,090,000
Liabilities			
Current liabilities			
Trade and other payables	36	1,896,885	532,370
Total Current Liabilities		1,896,885	532,370
Non-current liabilities			
Total non-current liabilities			
Total Liabilities (B)		1,896,885	532,370
Net assets (A-B)		60,652,264	55,557,630
Represented by:			
Revaluation reserve		55,557,630	55,455,679
Accumulated surplus/Deficit		5,094,634	101,951
Net Assets		60,652,264	55,557,630

The notes on pages 27 to 35 form an integral part of the Annual Financial Statements.

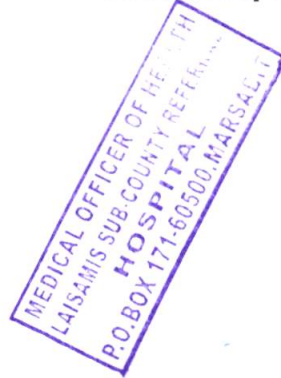
The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent



Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024 (previous year)				
Revaluation gain	55,455,679	-	-	55,455,679
Surplus/(deficit) for the year	-	101,951	-	101,951
Capital/Development grants		-		55,455,679
As at June 30, 2024 (previous year)	55,455,679	101,951		55,557,630
At July 1, 2025(current year)				
Revaluation gain	55,557,630	-		55,557,630
Surplus/(deficit) for the year		475,439	-	475,439
Capital/Development grants	-	-	4,619,195	4,619,195
At June 30, 2025 (current year)	55,557,630	475,439	4,619,195	60,652,264

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	47,000,000	
Grants from donors and development partners	400,000	
Rendering of services- Medical Service Income	14,192,449	4,076,651
Total Receipts	61,592,449	4,076,651
Payments		
In-Kind Contributions from County Government	15,693,309	
Medical/Clinical costs	7,015,140	2,298,200
Employee costs	2,201,000	922,000
Hospital Management Expenses	320,000	59,000
Repairs and maintenance	726,010	
General expenses	3,020,811	695,500
Total Payments	28,976,270	3,974,700
Net cash flows from operating activities	32,616,179	101,951
Cash flows from investing activities		
Purchase of property, plant, equipment	(32,553,433)	
Net cash flows used in investing activities	(32,553,433)	
Cash flows from financing activities		
Net cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents	62,746	101,951
Cash and cash equivalents as at 1 July	111,104	9,153
Cash and cash equivalents as at 30 June	173,850	111,104

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

Description	Original budget	Final budget	Actual on comparable basis	Performance difference	
	A	b	c	d=(b-c)	e
	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-				
Receipts					
Transfers from the County Government	34,000,000	34,000,000	47,000,000	-13,000,000	
Grants from donors and development partners	40,000,000	40,000,000	400,000	39,600,000	

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

In kind from County Government	20,000,000	20,000,000	15,693,309	4,306,691	78%
Rendering of services- Medical Service Income	15,000,000	15,000,000	14,192,449	807,551	95%
Total receipts	109,000,000	109,000,000	77,285,758	31,714,242	69%
Payments					
Medical/Clinical costs	9,750,000	9,750,000	7,015,140	2,734,860	72%
Employee costs	2,400,000	2,400,000	2,201,000	199,000	92%
Hospital Management Expenses	350,000	350,000	320,000	30,000	91%
Repairs and maintenance	1,000,000	1,000,000	726,010	273,990	73%
In-Kind Contributions from County Government	20,000,000	20,000,000	15,693,309	4,306,691	78%
General expenses	5,900,000	5,900,000	3,520,911	2,379,189	60%
Total Operational Expenditure paid	39,400,000	39,400,000	29,476,370	9,923,730	
Surplus	69,600,000	69,600,000	47,809,448	21,790,512	69%

Budget note

- ✓ Grants underperformed significantly, suggesting shortfalls in donor funding.
- ✓ Expenses overshot budget, largely due to in-kind contributions.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	47,809,488
1	Reason for differences	Decline in Donor funding
2	Reason for differences	Increase in county funded projects as a result of ward

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

		development fund allocation as per public participation requests.
3	Reason for differences	Decline and late disbursement by SHA
	Closing Cash and Cash Equivalent as per the statement of Cash flows	173,850

19. Notes to the Financial Statements

1. General Information

Laisamis Sub County Level 4 Hospital is established by and derives its authority and accountability from the Health Act, 2017. The entity is wholly owned by the Marsabit County Government and is domiciled in Marsabit County in Kenya. The entity's principal activity is provision of medical services.

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 *entity'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 *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), 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>

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	<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> <ol 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 for public sector entities geared to provide guidance to entities</p>

	that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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. iii. 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 since the new amendments mostly were taking effect from 1st of January 2025, which the year under review.

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 *Entity* 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 xxx was approved by Board on ~~xxxx~~. 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. Accordingly, the *entity* recorded additional appropriations of ~~xxxx~~ on the FY xxx budget following the Board's approval. The *entity'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

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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 **xxx** 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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

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. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

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 *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal 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 *Entity* 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		
Construction (1 Bedroom Staff Houses)	4,000,000	
Acquisition of Generator	7,900,000	
Acquisition of Ultra Sound Machine	5,000,000	
Equipping of Male and Female Ward (Beddings)	5,000,000	
Equipping of Maternity Ward	5,000,000	
Purchase of Dental Equipment	2,500,000	
Purchase LV Board	3,000,000	
Purchase of Transformer	4,000,000	
Other grants (Equalisation Fund) Construction of Ultra Sound Block	10,600,000	
	0	
Total government grants and subsidies	47,000,000	10,000,000
	0	0

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance *	Amount deferred under deferred income	Amount recognised in	Total grant income during the year	Comparative Period
			capital fund.		
	KShs	KShs	KShs	KShs	KShs
Marsabit County Government	47,000,000	0	0	47,000,000	10,000,000
				0	
Total	47,000,000	0	0	47,000,000	10,000,000
				0	

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages (Casual Wages)	3,313,224	0
Medical supplies-Drawings Rights (KEMSA)	11,880,085	0
Utility bills- Electricity	500,000	0
Total grants in kind	15,693,309	0

8. Grants From Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Other grants (Melako Conservancy)	400,000	46,000,000
Total grants from development partners	400,000	46,000,000

(The Conservancy made contribution to the hospital for the purchase of office furniture)

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Melako Conservancy	400,000	0	0	400,000	46,000,000
Total	400,000	0	0	400,000	46,000,000

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Registration Department		152,830
Pharmacy Department		365,425
Laboratory		306,520
Radiology		95,500
Inpatient Department		185,205
NHIF Capitation	2,442,120	2,500,000
NHIF Linda Mama		471,171
SHA Claims	10,692,843	
Facility Improvement Fund	1,057,486	
Total revenue from the rendering of services	14,192,449	4,076,651

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,422,440	293,000
Food and Ration	1,113,320	1,007,000
Uniform, clothing, and linen	281,000	15,000
Dressing and Non-Pharmaceuticals	1,983,600	638,000
Pharmaceutical supplies	1,556,800	70,000
Sanitary and cleansing Materials	395,550	122,800
Purchase of Medical gases	262,430	152,400
Total medical/ clinical costs	7,015,140	2,298,200

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	2,201,000	922,000
Employee costs	2,201,000	922,000

Notes to the Financial Statements (Continued)

17. Hospital Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	240,000	0
Airtime allowances	80,000	59,000
Total	320,000	59,000

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	228,000	0
Medical equipment	270,000	0
Maintenance of civil works	227,610	0
Total repairs and maintenance	726,010	0

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
Grant From Safaricom and Lake Turkana Wind Power		46,000,000
County Government-Automation of Services		10,000,000
Unconditional grants		
Construction (1 Bedroom Staff Houses)	4,000,000	
Acquisition of Generator	7,900,000	
Acquisition of Ultra Sound Machine	5,000,000	
Equipping of Male and Female Ward (Beddings)	5,000,000	
Equipping of Maternity Ward	5,000,000	
Purchase of Dental Equipment	2,500,000	
Purchase LV Board	3,000,000	
Purchase of Transformer	4,000,000	
Other grants (Equalisation Fund) Construction of Ultra Sound Block	10,600,000	
Melako Conservancy	400,000	
Total government grants and subsidies	47,400,000	56,000,000

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	800,000	225,000
Waste management expenses	60,550	0
Insecticides and rodenticides	117,000	0
Bank charges	29,636	0
General Office Supply	0	140,500
Electricity expenses	500,000	0
Fuel and Lubricants	100,000	0
Travel and accommodation allowance	250,000	0
Courier and postal services	60,000	0
Printing and stationery	517,575	264,000
Hire charges	6,050	0
Water and sewerage costs	100,000	0
Telephone and mobile phone services	80,000	59,000
Internet expenses	100,000	7,000
Staff training and development	80,000	0
Total General Expenses	3,520,811	695,500

22. Finance Costs

Description	2024/2025	2023/2024
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

23. Gain/Loss on Disposal of Non-Current Assets

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	2024/2025	2023/2024
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalent

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	173,850	31,086
Total cash and cash equivalents	173,850	31,086

Notes to the Financial Statements (Continued)

27 (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	1153939940	173,850	31,086
Sub- total		173,850	31,086
b) On - call deposits			
Kenya Commercial bank		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		173,850	31,086

28. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	7,069,269	1,165,700
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total receivables	7,069,269	1,165,700

Analysis of Receivables From Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

30. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors (<i>non-exchange transactions</i>)	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
Total	xxx	xxx

Analysis of Receivables From Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	6,756,240	
Maintenance supplies		
Food supplies	88,850	
Computer Accessories		90,000
Linen and clothing supplies		
Cleaning materials supplies	10,000	
General supplies	6,000	
Less: provision for impairment of stocks	(0)	(0)
Total	6,861,090	90,000

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	90,000	0
Additional Inventory in the year	18,351,795	0
Inventory expensed in the year	11,580,705	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	6,861,090	90,000

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (Specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2024 (previous year)					90,000				90,000
Additions									0
Disposals								-	(0)
Transfers/adjustments									(0)
Revaluation Adjustments								-	
At 30th June 2024					90,000				90,000
At 1 July 2025 (current year)					90,000				90,000
Additions		4,000,000		346,000	238,000	33,170,940		10,600,000	48,444,940
Disposals									
Transfer/adjustments									
Revaluation Adjustments								-	
At 30th Jun 2025		6,000,000		346,000	328,000	33,170,940		10,600,000	48,444,940
Depreciation and impairment									
At 1 July 2024 (previous year)								-	

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Additions-Internal development	xxx	xxx
Disposal	(xxx)	(xxx)
At end of the year	xxx	xxx
Amortization and impairment		
At beginning of the year	xxx	xxx
Amortization for the period	xxx	xxx
Impairment loss	xxx	xxx
At end of the year	xxx	xxx
NBV	xxx	xxx

34. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation (<i>where investment property is at cost</i>)	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	xxx

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	xxx	xxx
Animals: Dairy Cattle, Pigs, Sheep	xxx	xxx
Others specify	xxx	xxx
Total	xxx	xxx

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	1,721,885		72,800	
Employee dues	175,000		275,000	
Other Payables			184,570	
Total trade and other payables	1,896,885		532,370	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total	xxx	%	xxx	%

37. Refundable Deposits from Customers/Patients

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Medical fees paid in advance	xxx		xxx	
Credit facility deposit	xxx		xxx	
Rent deposits	xxx		xxx	
Others (<i>specify</i>)	xxx		xxx	
Total deposits	xxx		xxx	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total	xxx	%	xxx	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	xxx	xxx	xxx	xxx
Additional Provisions	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount & time value for money	(xxx)	(xxx)	(xxx)	(xxx)
Total provisions	xxx	xxx	xxx	xxx
Current Provisions	xxx	xxx	xxx	xxx
Non-Current Provisions	xxx	xxx	xxx	xxx
Total Provisions	xxx	xxx	xxx	xxx

39. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
Total	Xxx	xxx

40. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
Total	xxx	xxx

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	xxx	xxx	xxx	xxx
Additions during the year	xxx	xxx	xxx	xxx
Transfers to Capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to statement of financial performance	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers (<i>Specify</i>)	(xxx)	(xxx)	(xxx)	(xxx)
Balance C/F	xxx	xxx	xxx	xxx

41. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the period	xxx	xxx

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
Total	xxx	xxx

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities		

Notes to the Financial Statements (Continued)

44. 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 carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20XX (current year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

Notes to the Financial Statements (Continued)

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 xxxx. 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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 carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

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.

Notes to the Financial Statements (Continued)

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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

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. The entity capital structure comprises of the following funds:

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ (<i>excess cash and cash equivalents</i>)	xxx	xxx
Gearing	xx%	xx%

Notes to the Financial Statements (Continued)

45. 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.

xxx County Government is the principal shareholder of the *entity*, holding 100% of the *entity'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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

d) Key management compensation		
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	xxx	xxx

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

48. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

49. Events after the Reporting Period

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

50. 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 Marsabit.

51. Currency

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

20.

21. 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: (Put a date when you expect the issue to be resolved)
1	Errors and inaccuracies in the financial statements	The management ensure that the department deploy a substantive accountant to oversee the preparation of financial statements	Resolved	
2	Variances between financial statement balances and the supporting schedules	The management has ensured that there is accuracy and completeness of the financial statement	Resolved	
3	Unconfirmed income from rendering of service	The management has ensured that there is accuracy and completeness of financial statements	Resolved	
4	Lack of a Payroll to support Employee Cost	Through the department of HR the management established the Manual Payroll for casuals	Resolved	
5	Non-Disclosure of salaries and wages paid by County	The staffs contracted by the County Government of Marsabit Salaries and Wages cannot be accessed by the management since they are the	Not Resolved	

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*


		custodians of the payroll		
6	Inaccurate Cash and Cash Equivalent	The management has ensured there is concurrence on the cash and cash equivalent	Resolved	
7	Undisclosed Property Plant and Equipment	The management has ensured an asset schedule is attached to the note and also disclosed.	Resolved	
8	Failure to Disclose Inventory	The management has ensured that for the completeness and accuracy of financial statement there is disclosure of inventory in the year under review	Resolved	
9	Variance in NHIF claims and payments	The management ensured there is completeness and accuracy on claims from both SHA and NHIF	Resolved	
		Report on lawfulness and effectiveness in the use of public resources		
1	Payment of Casuals through issuance of imprest	The management is directly paying the salary to the casuals' accounts directly with no involvement of cash.	Resolved	
2	Irregular Management of Standing	The management has ensured proper management of standing imprest	Resolved	
3	Lack of Organization Strategic Plan, Disaster Recovery Plan and Risk Management Framework	The management has proposed for development of the strategic Plan, Disaster Recovery Plan and Risk Management Framework	Not resolved	30/10/2025
4	Failure to meet level 4 Requirements	The management has proposed to the executive for more staff and development of other structures to	Resolved	

Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

		ensure that the facility meets the level 4 status		
5	Lack of Contractual Agreements	The management has ensured that there is contract agreements for the casuals engaged	Resolved	
6	Lack of Fixed Assets Register and Ownership Documents	The management tasked the accounts department to ensure fixed asset fixed register is in place	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....




*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Accounting Officer

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Maternity Block	Safaricom Foundation	1			
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

*Laisamis Sub County Level 4 Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

*XX Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx*

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments