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ON

EMBU COUNTY HEALTH FACILITY IMPROVEMENT FUND

FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF EMBU

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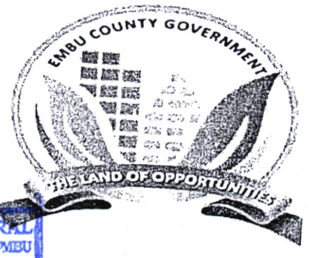

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EMBU COUNTY HEALTH FACILITY IMPROVEMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

The Embu County Health Facility Improvement Fund is established by and derives its authority and accountability from The Embu County Health Services Act, 2024. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya.

The fund's objective is to improve the health facilities and health service delivery within the County.

The Fund's principal activity is to;

(a) Ensure facilities have better access to financial resources.

(b) To facilitate the efficient and timely purchase of necessary and essential equipment, health products and technologies and other consumables by an eligible county entity.

(c) To support preventive, curative health care programs as may be prescribed.

(d) Support programs for achieving the goals of universal health coverage.

(e) Ensure health facilities are more responsive to medical and public health emergencies.

(f) Provide resources for the improvement of county entities including the upgrade of physical and other facilities; and

(g) Meet the operational and administrative expenses of county entities.

VISION

A leading county in the provision of high-quality health"

MISSION

To build a progressive, responsive, and sustainable healthcare system through provision of innovative, affordable and accessible healthcare"

(a)Principal Activities

The principal mandate of the Fund is to improve the Health Facilities and service delivery within the county health facilities.

(b) Board of Trustees/Fund Administration Committee

The Fund Board Membership is as follows;

S/N	NAME	POSITION
1	Benjamin M Kisilu	Chief Officer Medical Services/Fund Secretary
2	Henry Nyaga Nthiga	Chief Officer Public Health
3	Dr Eliza Ikiara	Director Medical Services
4	Patrick Kinyua Njagi	Embu Level 5 Hospital Board Chairman
6	Bancy Wawira Mutuah	Chief Executive Officer Embu Level 5 Hospital

©Key Management

The Fund administration committee comprises of the County Health Management Team (CHMT) whose composition is as below;

S/N	NAME	POSITION
1	Henry Nyaga Nthiga	Chief Officer Public Health/Chairman
2	Benjamin M Kisilu	Fund Administrator
3	Paul Murithi Ngari	Director Public Health
4	Dr Eliza Ikiara	Director Medical services
5	Getrude Wangari	Director Health Administration
6	Bancy Wawira Mutuah	Chief Executive Officer Embu Level 5 Hospital

The CEC Member appoints a chair from the members of the Fund Board

Key Entity and Management (Continued)

b) Fiduciary Oversight Arrangements

1. Internal Audit Department

SN	Position	Name
1	Directorate of internal audit	Embu County Internal Audit

2. County Assembly Health Committee

Health Committee provides guidance in the budget making process and at the same times providing oversight role on the operations of health functions in the county.

Members to the Committee are:

	Member	Designation	Ward
1	Hon. Job Itumo Munyambu	Chairperson	Mwea
2	Hon. Johnson Muchangi	V/Chairperson	Kagaari North
3	Hon. Mary Kavinda	Member	Nominated
4	Hon. Swaleh Ibrahim	Member	Kirimari
5	Hon. John Mbaka	Member	Mavuria
6	Hon. Agnes Gakunguru	Member	Nominated
7	Hon Julius Karuri	Member	Kithimu

3. County Assembly Public Accounts Committee.

The **Public Accounts Committee** was formed to provide oversight on the County's finances. The committee membership is as follows

	Member	Designation	Ward
1	Hon. Paul Muchangi Njiru	Chairperson	Gaturi North
2	Hon. Job Itumo Munyambu	Vice- Chairperson	Mwea
3	Hon. Ibrahim Swaleh	Member	Kirimari
4	Hon. Peter Muriithi Nyaga	Member	Mbeti North
5	Hon. John Ngari Mbaka	Member	Mavuria
6	Hon. Susan Mwende Muthoni	Member	Nominated (representing youth)
7	Hon. Yvonne Mati Karambu	Member	Nominated (gender top up)
8	Hon. Jane Karimi Njue	Member	Nominated (gender top up)
9	Hon. James Njeru Augustine	Member	Nominated (representing people

c) Registered Offices

P.O. Box 36-60100
Embu Town House
Email Info@embu.go.ke

d) Fund Contacts

Telephone: (254) 720978516
E-mail: Info@embu.go.ke
Website: www.embu.go.ke

e) Fund Bankers

EQUITY BANK
P.O. Box 60000
City Square 00200
Nairobi, Kenya...

EMBU COUNT HEALTH IMPROVEMENT FUND ACCOUNT

ACCOUNT NUMBER-01902855426242

EMBU COUNTY F.I..F ADMINISTRATION FUND ACCOUNT

ACCOUNT NUMBER-0190285835463

f) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

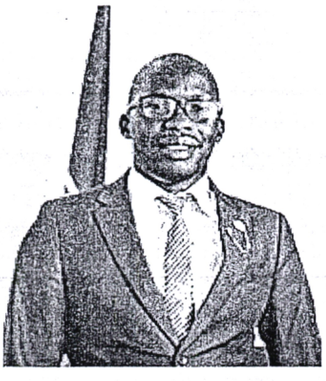
g) Principal Legal Adviser

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

h) County Attorney

P.O. Box. 140-60100
Embu, Kenya

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
1. Henry Nyaga Nthiga 	Fund Board Chairman/Chief Officer Public Health He holds Bachelor of Science degree in Education from Moi university and Master's degree in Education from Mount Kenya University. He has 15 years as high school Principal. He is currently Chief Officer Public Health Embu County. Aged 55 years.
2.Benjamin Kisilu 	Fund Administrator/ Secretary to the Board He holds a Bachelor degree of Commerce Finance option from KCA University and is Certified Public Accountant (CPA.K) and also a member of Institute of Internal Auditors. He has 12 years' experience in management advisory and accounting field. He is currently the Chief Officer Medical Services Embu County. Aged 42 years.
3.Dr Josephine Kibaru 	Board Chairman -Runyenjes Level 4 Hospital She is a Medical Doctor, Obstetrician/ Gynaecologist by training, who ventured into health leadership early in her professional life. She is 66years old and served exclusively in the public sector for over 30 years. She worked as an MOH/Medical Superintendent in a district and subsequently as a Director of Family Health at the MOH HQs for 8 years. She is the Chairperson Runyenjes Level 4 Hospital Board

4.Dr Eliza Ikiara 	County Director Medical Services She Holds Bachelor of Medicine and Surgery (MBChB)from University of Nairobi and Masters of Public Health(MPH) from Kenyatta University. She is Licensed with KMPDC and currently the County Director of Medical Services, Embu County.Age is 41 years.
5. Bancy W. Mutuah 	Embu Level 5 Hospital- CEO She holds a Bachelor of Education degree from Kenyatta University. She has over twenty three years of experience in management.She is currently the Chief Executive Officer Embu level 5 hospital. Currently pursuing her Masters of Early Education from Mount Kenya University. Age 55 years.
6.Patrick Kinyua Njagi 	Embu Level 5 Hospital Board Chairman He holds a Bachelor degree of Arts (BA) from the University of Nairobi. He also holds a Diploma in Financial Management from KCA university. He has over 30 years' experience in senior management position in various ministry and having served as a board member in various government agencies such as Kenya Wildlife Services, Kenya National Library Services, Kenya Utalii College etc. He is currently the Board Chairman Embu Level 5 Hospital. Aged 67 years.

4. Management Team

Name	Details of Position and Responsibilities
1. Henry Nthiga	Responsibilities. Chief Officer Public Health/Board Chairman
2. Benjamin Kisilu	Responsibilities. Accounting officer for Health department And fund administrator.
3. Paul Murithi Ngari	Responsibilities. Director Public Health.
4. Dr Eliza Ikiara	Responsibilities. County Director of Medical Services- responsible for providing leadership and overall, in charge of clinical services in the County.
5. Getrude Wangari	Responsibilities. Director Health Administration.
6. Bancy W. Mutuah	Responsibilities. Chief Executive Officer Embu Level 5 Hospital

5. Board/Fund Chairperson's Report

Foreword note by the Chairperson of the Embu County Health Facility Improvement Fund Board

The Embu County Health Facility Improvement Fund was established under the Embu County Health Services Act 2024 section 48(1) with the Establishment of the Fund Board in respect to sec 46.

Therefore, it is my pleasure to present the Chairman's Statement for the financial year ended 30th June 2025 reflecting the continued progress and resilience of supporting health facility operations and strengthening healthcare services across Embu County.

In a year marked by health system recovery, economic constraints, the Fund remained steadfast in its mission to improve access to quality healthcare through targeted investment in facilities, specialized materials and service capacity's. Kshs 660,320,946 was collected which comprised cash collected kshs 519,577,247 and cash receivable kshs 140,743,700 respectively. We are proud to report that 101 health facilities were funded. The Fund maintained a prudent approach to resource allocation and risk management, with total disbursements to health facilities of Kshs 448,266,740 out of the total cash collection of amounting to 519,577,247 which is equivalent to 86% of the total revenue received through the fund account. The total expenditure of the fund amounting 29,461,546 which included kshs 10,559,960 for use of goods and services specialized materials, kshs 18,739,586 for general expenses and kshs 162,000 for administration cost.

Our Financial statements reflect transparency and accountability in all operations underpinned by strong governance practices.

This year, we strengthened partnerships with County Government, Ministry of Health, international donors enabling us to leverage expertise and co-funding opportunities. We also launched National Equipment's Services Programme (NESP) at our level 5 and Level 4 hospitals, aligning our efforts with national health strategies and global health priorities. Looking ahead, our focus will be on scaling sustainable infrastructure, enhancing digital health integration, and ensuring equity in resource distribution. We remain committed to adaptive planning to respond effectively to emerging health needs and funding realities. On behalf of the Board of Trustees, I extend my heartfelt gratitude to our dedicated team, funding partners, healthcare workers, and the communities we serve.

Review of the Embu County Health Facility Improvement Fund's performance

The Embu County Health Facility Improvement Fund had set a target of Kshs 591,391,671 to Hospitals and facilities for revenue collection for the twelve-month period ending in 30 June 2025. By 30th June 2025, the fund was able to raise Ksh. 660,320,946 translating to 112% of the targeted collection. The exceedingly performances were occasioned by prompt reimbursement by Social Health insurance fund and stakeholders' efforts.

Future outlook of the Fund

The Fund has a huge potential which needs to be harnessed and guarded. It is evident that the Fund was able to hit the set target by collecting total revenue amounting to Kshs 660,320,946 for services offered attributable to collective efforts by all stakeholders in health department.

The Embu County Health Facility Improvement Fund board looks forward to ensuring that at least 80% of all the Funds collected go to Medical Supplies while 20% to operational costs.
The revenue generated is ploughed back to raise more revenues. The County public health facilities do not go for cost recovery.

Any other matters deemed necessary

The Embu County Health Facility Improvement Fund was to supplement the Health Department budget for provision of better health services.

Conclusion

The Embu County Health Facility Improvement Fund is the way to go in the provision of Health services in the County and Country at large.

Name. HENRY N NTHIGA Signature..... Date 29.8.2025

Chairperson of the Board

6. Report of The Fund Administrator

The Embu County Health Facility Improvement Fund Administrator is established under Embu County Health Services Act, 2024 section 48(1) to support in service delivery, operations, renovations and maintenance of health facilities.

The Fund Administrator is guided by the provisions of the Embu County Health Services Act, 2024 and other subsequent regulations.

The main purpose of the Fund is to ensure that all Embu County health facilities are able to provide health services to residents of Embu County in an efficient and timely manner by; ensuring financial stability and consistency in reimbursing fund collected, scaling up services in all levels of healthcare provision by equipping of various hospitals, improve health infrastructure, seamless provision of health products and technology and promotion of research and innovation whereby this fund is administered by a Fund Administrator.

The department had set a target of Ksh 591,391,671 for FY 2024/2025 revenue collections through the Fund. However, the cash revenue collected through the fund was Ksh 519,577,247 making an 88% of the target amount.

In addition, Ksh 140,743,700 which was treated as Account Receivables to the FIF as it's revenue earned by health facilities from SHA/NHIF and cash held in various health facilities bank accounts is yet to be received in fund account.. It is through these figures that the total revenue collections reported to the Fund amounted to Ksh 660,320,946.

The high revenue performance is attributable to combined efforts by all the stakeholders in Embu County through ensuring timely supply of medical consumables to health Facilities. It's also important to note that prompt reimbursement by SHA/SHIF contributed to good revenue performance above the set targets.

Therefore, this report presents the financial performance and position of the Fund for the financial year ended 30th June 2025, prepared in accordance with applicable government financial reporting standard.

Name CPA BENJAMIN M KIGIA
Fund Administrator

Establishment of the Embu County Health Facility Improvement Fund

1 Embu County Health Facility Improvement Fund is established by Embu County Health Service Act section 48(1).

2 The Fund shall be administered in accordance with Section 109(2) (b) Of the Public Finance Management Act, 2012 and Embu County Health Services Acts Section 48 (1-8)

3) There shall be paid into the fund -;

(a) Monies appropriated to the fund by County Assembly.
(b) All revenue collected from health facilities and public health offices.
(c) Money received from the National government or national entity by way of reimbursement and capitation including receipts from Health Insurance Fund.
(d) Money received as user charges.
(f) Any income generated by a health facility from any project initiated by health facility or
(g) Any other monies received from a lawful source.

Objective of the Fund

The objective and purposes of the Fund are –

(a) Improve the quality of health care services

(b) Ensure facilities have better access to financial resources

(c) Ensure health facilities are more responsive to medical and Public health emergencies

(d) Ensure an amount totaling not less than seventy per cent of the monies are set aside for Disbursement and are equitably allocated to primary health services.

(e) To support preventive, curative health care programs as may be prescribed.

(f) Meet the operational and administrative expenses of county entities.

The Fund Administrator is guided by the provisions of the Embu County Act, 2024 Embu County Health Improvement Fund and its subsequent regulations.

The Embu County Health Facility Improvement Fund set a target of Kshs. 591,391,671 to the facilities for revenue collection for twelve-month period ended in June 2025. By 30th June 2025, the Fund was able to realize kshs. 660,320,946 million Translating to 112% way above the set revenue targeted by kshs 68,929,275 in the last twelve months period. The high revenue performance is attributable to combined efforts by all the stake holders in Embu County through

ensuring timely supply of medical consumables to health Facilities. It's also important to note that, prompt reimbursement by SHA/SHIF contributed to good revenue performance above the set targets.

Progress on attainment of Development Strategic objectives

All Development activities are carried out by the County Executive through the Department of Health Services. Embu County Health Improvement Fund deals with operation expenditure.

7. Statement of Performance Against the County Fund's Predetermined Objectives

Program	Objective	Outcome	Indicator	Performance
Medical services	To ensure low stock out levels of specialized materials	Low stock out of specialized materials (5%) of the health facilities	Percentage of health facilities with stockout of specialized materials	17% of health facilities with stock out
	To ensure uninterrupted Utilities, Supplies and Services	Few facilities with interrupted Utilities, Supplies and Services: (power and water)	No. of health facilities without i)power disconnection ii) water disconnection	Paid Kshs 680,000 for 7 facilities for power and Kshs 385,000 for 6 health facilities
	To provide efficient referral services	All sub counties having functional ambulances at the subcounty referral hospitals	No. of subcounty hospitals with functional ambulances throughout the year	3 out of the 5 subcounty hospitals had functional ambulances throughout the year
	To provide efficient running of county, subcounty and health facility offices	Continuous running of the offices and health facilities	No. of offices and facilities with continuous supply of office supplies	All offices and facilities had continuous supply of office supplies

8. Corporate Governance Statement

The number of Board meetings held and the attendance to those meetings by member

The Board had four meetings in the last twelve months, with a minimum of 5 members in attendance.

The process of appointment and removal of Board members,

A member shall vacate his/her position as a member of the Fund board if him/her;

a) is absent from three (3) consecutive meetings of the Board without written apology.

b) violates Chapter 6 of the Constitution.

c) Voluntarily resigns from Board.

d) dies; or

Is so incapacitated by prolonged physical or mental illness as to be unable to attend and

Discharge his /her duties.

Functions of the Board

The Fund Board shall-

(a) Provide oversight of the administration of the moneys drawn from the Fund.

(b) Mobilize resources for the Fund.

(c) Provide guidance to the Hospital management boards or-

(d) Proposals on user fees where the Hospital Board seeks to propose new user fees or

(e) Approval of primary health services expenditure plans

(f) Receive reports from the Hospital management boards for its consideration and adoption.

Induction and training,

The Board is fully constituted.

9. Management Discussion and Analysis

The department of Health is established under the constitution of Kenya 2010 section 2 part 2 of the Fourth schedule and the County Government Act Of 2012 section 5(1). The County Health Management Team (CHMT) is established by the Embu County Health Services Act 2024 section 32. The department vision is to be leading in the provision of high-quality health care. Its mission is to build a progressive, responsive, and sustainable healthcare system through provision of innovative, affordable and accessible healthcare. The Departments" Main Objectives are. To improve service delivery and provide supportive function to departments/sections in the health sector as well as to reduce morbidity and mortality due to preventable causes. The County Health Management Team is mandated to perform the following functions : reviewing, and monitoring the implementation and advising the Department on appropriate measures to be adopted for effective implementation of relevant national and county legislation and policies; coordinating, supporting and supervising the planning, implementation, monitoring and evaluation of technical and managerial activities for health services in the county; (c) ensuring that good governance and management standards are applied within facilities and in the relations between facilities; (d) supporting sub-county health management teams and facility management teams in preparing annual and quarterly operational plans, including their respective budgets and procurement plans; (e) reviewing and approving the consolidated facility plans submitted by sub-county hospitals; (f) providing support and supervision to the management of county health facilities; (g) developing supplementary sources of income for the provision of services, in so far as these are compatible with the applicable law; (h) making due provision and developing criteria to compensate health care facilities for debts arising through failure to secure payment for bills or from non-payment of treatment of indigent users; (i) checking the accuracy and timeliness of all financial reports submitted by the sub-county health facility management team to facilitate prompt approval of spending by facilities; (j) ensuring that available qualified human resources are equitably deployed, capacity building needs assessment and any identified gaps effectively addressed; (k) ensuring an efficient and effective vertical and horizontal flow of information; (l) reviewing and approving annual financial statements and reports before submission to the Executive Member; and (m) ensuring that health facilities are adequately resourced in terms of budgetary provisions, health products and technologies, equipment and human resource.

Section A: Report on Embu County Health Facility Improvement Fund for the Year Ended 30th June, 2025

Attached is the report on Embu County Health Facility Improvement Fund for the year ended 30th June 2025, in conjunction with the submission of the financial statements. This report aims to provide an in-depth analysis of the Embu County Health Improvement Fund Revenue collection, expenditures, and financial performance during the last twelve months, highlighting achievements and challenges faced by the Embu County Health Facility Improvement Fund.

1. Summary

In the period ended 30th June 2025, Embu County Health Facility Improvement Fund started on a very low note. While we managed to generate significant revenue from various health facilities within the county amounting to kshs 660,320,946 of which kshs 519,577,247 had been transferred to the fund account as at 30th June 2025. Within the financial year health facilities had outstanding pending debtors (Account Receivables) amounting to kshs 140,743,700, owed by Social Health Insurance Fund (SHIF) and cash held in the health facilities bank accounts. There is slight improvement in revenue collection in comparison to revenue targets set for the year ending 30th June 2025. This is attributed by availability of consumables in our health facilities.

Overview of Embu County Health Facility Improvement Fund revenue source

The Department revenue reported is above the set target due to adequate medical consumables in the health facilities.

Analysis of Expenditures

The expense incurred was mainly operational in nature. An amount of kshs 448,266,740 was directly transferred to health facilities, kshs 10,559,960 was spent to procure specialized materials from KEMSA ltd for level 2 and 3 health facilities that don't have trading account with KEMSA ltd ,kshs 18,739,586 was spent for general expenses and kshs 162,000 for administration purposes. However, we could not absorb much in regard to development expenditure.

1. Environmental and Sustainability Reporting

• Embu County's environmental policy framework is embedded in its Climate Change Action Plan, which has been formally adopted by the County.
• The Action Plan explicitly covers natural resources (forestry, wetlands, and catchments) and solid waste management, with stated objectives to: rehabilitate hills and wetlands; protect river banks and riparian land; promote green energy; conserve woodlands; and raise environmental awareness.
• The County also partners with national environmental regulators (e.g., NEMA) in enforcing environmental legislation, undertaking Environmental Impact Assessments (EIAs) for major infrastructure, and coordinating environmental education.
• The Embu Municipality Solid Waste Policy (urban level) provides a formal guideline for waste management within Embu municipality, covering storage, collection, transportation, and disposal.
• At the County level, the Climate Change Action Plan includes a solid waste management subsector with key policy actions: acquisition of integrated waste infrastructure, establishment of material recovery facilities, transfer stations, and development of waste-to-energy plants.
Embu County has realized several positive outcomes linked to its environmental policy:
Community-Driven Environmental Action. Through its Action Plan, the County has prioritized public education, environmental awareness campaigns, and sustainable practices — contributing to greater environmental consciousness.
Despite the progress, Embu County faces a number of environmental performance challenges:
Waste Collection Coverage & Infrastructure Gaps According to its CIDP, the County lacks comprehensive waste segregation at source, and its waste collection system is not fully efficient; many areas do not have regular refuse removal, leading to illegal dumping.

2. Sustainability strategy and profile

The top management especially the accounting officer make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

3. Employee welfare:

The management is guided by HR Policies and Procedure Manual of May 2016

4. Market place practices

The management is guided by:

a) Responsible competition practice. The management ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practice, treats its own supplier, "responsibly honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outlines efforts to safeguard consumer rights and interests.

5. Community Engagements

Community health services play a vital role in reducing the burden of both communicable and non-communicable diseases within the county. Through strengthened community engagement, Community Health Promoters (CHPs) are now equipped with essential tools and skills to screen for conditions such as hypertension and diabetes at the household level. This proactive approach enables early detection, timely referral, and improved treatment compliance. By bringing preventive and promotive health services closer to the community, CHPs help bridge gaps in access to care, reduce late-stage complications, and ultimately enhance overall population health outcomes.

12. Statement of Management's Responsibilities

Section 167 of Public Finance Management Act 2012 read together with Section 50 of the Embu County Health Services Act, 2024 requires that, at the end of each financial year, the Administrator of the Embu County Health Facility Improvement fund established by Embu County Health Services Act 2024 shall prepare financial statements of fund in accordance standards and formats prescribed by the Public Sector Accounting Standards Board.
The Administrator of the Embu County Health Facility Improvement Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Embu County Health Facility Improvement Fund accepts responsibility for the Fund'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 and The Embu County Health Services Act 2024. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Embu County Health Facility Improvement Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 29th August, 2025 and signed on its behalf by:

.....

CPA BENJAMIN M KIGIO.

Administrator of the Embu County Health Facility Improvement Fund

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30th, 2025 which show the state of the Fund affairs.

Principal activities

The principal mandate of the Fund is to improve the Health Facilities and service delivery within the county health facilities.

Results

The results of the Fund for the year ended June 30th, 2025 are set out on page 1 statement of financial performance refer to page 1.

Trustees

The members of the Board of Trustees who served during the year are shown on roman (v). and there were no changes during the year.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Embu County Health Facility Improvement Fund for the year/period ended 30th June 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

HENRY N NJIRU

.....

Chair of the Board

Date: 29-8-2025

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY HEALTH FACILITY IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF EMBU

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Embu County Health Facility Improvement Fund set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Embu County Health Facility Improvement Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Embu County Health Act, 2024 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Embu County Health Facility Improvement Fund 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 opinion.

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. There were no key audit matters to report in the year under review.

Other Information

The Board of Trustees is responsible for the Other Information set out on page i to xxiii which comprise of Key Entity Information and Management, The Fund Board of Trustees Members, the Fund Board Chairperson Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Empowerment Fund Committee, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 effects of the matter 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

Lack of a Health Plan

During the year under review, the Embu County Health Facility Improvement Fund was fully operational. However, the Fund did not have a health plan with clear plan for the ten (10) year period, including the human resource strategy, performance management, and development strategies in place towards communicable and non-communicable diseases and conditions, and on the implementation of National Policies at the County level.

This was contrary to Section 28 (1) of the Embu County Health Services, Act 2024 which states that the Department shall in accordance with provisions of the County Governments Act, 2012, prepare a ten-year health plan which shall provide, among others, (a) Investment in physical infrastructure in the County health facilities, (b) human resource strategy, performance management, and development, including recruitment of contracted health personnel in case of a deficit in the staff establishment, (c) strategies for controlling key risk factors, including tobacco use and alcohol and drug substance abuse, and gender-based violence (d) specific and targeted strategies for controlling and mitigating the impact of communicable and non-communicable diseases and conditions, as well as injuries prevention; Implementation of national policies at the county level.

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

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 THE 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 effects of the matter 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

Incomplete Integration

Audit of the Funds revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control as follows;

a. Lack of an Integrated Financial Management System

The Board relies entirely on manual systems for its core functions in all health facilities. Critical financial data, including revenue and expense management, is maintained in manual formats and Excel spreadsheets without adequate controls.

b. Lack of Data Backup and Disaster Recovery Plan

The audit could not verify the existence of any data backup mechanisms or a disaster recovery plan. No documentation regarding backup schedules, procedures, or recovery strategies was available.

c. Lack of a Formal ICT policy

Lack of ICT policy results in weak management oversight regarding data security and business continuity. There is a critical failure in IT governance, with no assigned responsibility for data protection and no awareness of the need for a recovery plan.

In the circumstances, the controls on data integration 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 the Management and the Board of Trustees

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 Fund'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.

Board of Trustees is responsible for overseeing the Fund'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

21 November, 2025

1. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	0	0
Revenue Received from Health facilities (User Fees)	3	660,320,946	0
		660,320,946	**0**
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	0
		0	**0**
Total Revenue		**660,320,946**	**0**
Expenses			
Employee Costs	6	0	0
Disbursement to Health Facilities	7	448,266,740	
Use of goods and services	8	29,408,283	0
Depreciation and Amortization Expense	9	53,263	0
Finance Costs	10	0	0
Total Expenses		**477,728,286**	**0**
Other Gains/Losses			
Gain/Loss on Disposal of Assets	11	0	0
Gain /Loss on fair value of investments	12	0	0
Surplus/(Deficit) for the Period		**182,592,660**	**0**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity Annual statements were approved on 29th August, 2025 and signed by:

Name: HENRY N NTHIGA	Name: Pius Mukundi	Name: Benjamin Kisilu
Chairman of the Fund	Accountant	Fund Administrator
	ICPAK M/No. 20125	

2. Statement of Financial Position As at 30th June 2025

Description	Note	FY Ended 30th June 2025 Kshs	Insert Comparative Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	41,742,434	0
Current Portion of Long- Term Receivables From Exchange Transactions	14	140,743,700	0
Prepayments	15	0	0
Inventories	16	0	0
Investments in financial assets	17	0	0
Total current assets		**182,486,134**	**0**
Non-Current Assets			
Property, Plant and Equipment	18	106,527	0
Intangible Assets	19	0	0
Long Term Receivables from Exchange Transactions	14	0	0
Investment Property	20	0	0
Total non- current assets		**106,527**	**0**
Total Assets		**182,592,660**	**0**
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	21	0	0
Current Portion of Borrowings	22	0	0
Employee Benefit Obligations	23	0	0
Social benefit liabilities	24	0	0
Total current liabilities		**0**	**0**
Non-Current Liabilities			
Long Term Portion of Borrowings	21	0	0
Non-Current Employee Benefit Obligation	22	0	0
Social benefit liabilities	23	0	0
			0
Total Liabilities		**0**	**0**
Net Assets			

Description	Note	FY Ended 30th June 2025 Kshs	Insert Comparative Ksh
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		0	0
Total Net Assets and Liabilities		**182,592,660**	**0**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity Annual statements were approved on 29th August, 2025 and signed by:

Name: HENRY N[illegible]	Name: Pius Mukundi	Name: Benjamin Kisilu
Chairman of the Fund	**Accountant**	**Fund Administrator**
	ICPAK M/No. 20125	

3. Statement Of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July (Previous FY 2024)	0	0	0	0
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June (Previous FY 2024)	**0**	**0**	**0**	**0**
Balance As At 1 July (2024)	**0**	**0**	**0**	**0**
Surplus/(Deficit) For the Period	0	0	182,592,660	182,592,660
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June (Current FY 2024/25)	**0**	**0**	182,592,660	182,592,660

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

Description	Note	FY Ended June 2025	Current FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		0	0
Interest received		0	0
Receipts from other operating activities		519,577,247	0
Total receipts		**519,577,247**	0
Payments		0	0
Fund administration expenses		162,000	0
General expenses		29,246,283	0
Disbursement to Health Facilities		448,266,740	
Finance cost		0	0
Other payments		0	0
		0	0
Net cash flows from operating activities	26	**41,902,224**	0
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(159,790)	(0)
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(0)	(0)
Net cash flows used in investing activities		**(159,790)**	**(0)**

Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		(0)	(0)
Net cash flows used in financing activities		**(0)**	**(0)**
Net increase/(decrease) in cash & cash Equivalents		**41,742,434**	**(0)**
Cash and cash equivalents at 1 July 2024		0	0
Cash and cash equivalents at 30 June 2025		**41,742,434**	**0**

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

6. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Embu county Health Improvement Fund entity is established by and derives its authority and accountability from Embu County Health Services Act. The entity is wholly owned by the Embu County Government and is domiciled in Kenya. The entity's principal activity is provision of health services.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

5. Statement Of Comparison Of Budget And Actual Amounts For The Period July 2024-June 2025

Description	Original budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable basis Kshs	Performance difference Kshs	Utilization
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	(0)	0	0	(0)	0%
Transfers From County Govt.	0	0	0	0	0	0%
User fees Revenue	498,255,343	93,136,328	591,391,671	660,320,946	68,929,275	112%
Interest Income	0	-	0	0	(0)	0%
Other Income	0	-	0	0	0	0%
Total Income	**498,255,343**	**93,136,328**	**591,391,671**	**660,320,946**	**68,929,275**	**112%**
Expenses						
Transfer to Health Facilities	468,154,127	75,369,302	543,523,429	448,266,740	95,256,689	82%
Fund Administration Expenses	640,000	(390,000)	250,000	162,000	88,000	65%
General Expenses	29,461,216	18,157,026	47,618,242	29,299,546	18,318,696	62%
Finance Cost	0	(0)	0	0	(0)	
Total Expenditure	**498,255,343**	**93,136,328**	**591,391,671**	**477,728,286**	**113,663,385**	**81%**
Surplus For the Period	**0**	**0**	**0**	**182,592,660**	**182,592,660**	
Capital expenditure	**0**	**0**	**0**	**0**	**0**	

Standard	Effective date and impact
	• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. ***(State the impact of the standard to the Entity if relevant)***
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. ***(State the impact of the standard to the Entity if relevant)***
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. ***(State the impact of the standard to the Entity if relevant)***
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. ***State the impact of the standard to the Entity if relevant***

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 43	***Applicable 1st January 2023*** 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.

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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. ***State the expected impact of the standard to the Entity if relevant***

(iii)Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

1. 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.

ii. Revenue from exchange transactions

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 each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

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.

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 24th August 2024 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 Fund recorded additional appropriations of supplementary budget on the FY 2024/25 budget following the governing body'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.

Summary of Significant Accounting Policies (Continued)

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 financial performance has been presented under section xxx of these financial statements.

c) 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.

d) 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.

e) 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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.**(entity to amend appropriately)*** 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.

Summary of Significant Accounting Policies (Continued)

f) 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 Company'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.

Summary of Significant Accounting Policies (Continued)

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.*

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) 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 of 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 of cost and 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.

h) 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.

i) 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.

Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) 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.*

l) 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.

m) 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) 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.

p) 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 and senior managers.

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

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.

State all judgements, estimates and assumptions made e.g.

a) 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.

b) 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

c) 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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

2. Transfers from County Government

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY
Transfers From County Govt. – Operations	0	0
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	0	0

3. User fees (Revenue Received from Health Facilities)

Description	FY Ended 30th June 2025 Ksh	Insert Comparative FY Ksh
Embu Level 5 Hospital	508,692,355	0
Runyenjes level 4 Hospital	23,733,839	0
Ishiara Level 4 Hospital	23,352,055	0
Mbeere Sub County Hospital	13,995,044	0
Kianjokoma Level 3 Hospital	9,858,482	0
Kiritiri Level 3 Hospital	8,669,795	0
Gategi level 3 Hospital	2,884,496	0
Level Two And Three Facilities	49,194,982	0
Public Health Department	19,939,899	0
Total	**660,320,946**	0

4.Interest income

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5.Other income

Description	FY Ended 30th June 2025 Kshs	Insert Comparative Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

6.Employee Costs

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other *(Specify)*	0	0
Total	0	0

7.Disbursement to Health Facilities

Description	F.Y. Ended 30th June 2025	Insert Comparative F.Y
	Kshs	Kshs
Embu Level 5 Hospital	373,696,283	0
Runyenjes level 4 Hospital	12,956,548	0
Ishiara Level 4 Hospital	15,109,598	0
Mbeere Level 4 Hospital	7,358,376	0
Kianjokoma Level 3 Hospital	2,427,194	0
Kiritiri Level 3 Hospital	3,585,749	0
Gategi level 3 Hospital	151,992	0
Level Two And Three Facilities	11,679,381	0
Public Health Department	21,301,619	0
Total	**448,266,740**	0

8.Use of Goods and Services

Description	F.Y. Ended 30th June 2025	Insert Previous F.Y
	Kshs	Kshs
General Office Expenses	628,800	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	162,000	0
Bank Charges	21,257	0
Electricity And Water Expenses	690,621	0
Fuel And Oil Costs	2,412,754	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	304,050	0
Rental Costs	0	0
Security Costs	986,850	0
Telephone And Communication Expenses	465,950	0
Specialized materials	10,559,960	0
Audit Fees	0	0
Provision For Doubtful Debts	0	0

Description	FY Ended 30th June 2025	Insert Previous FY
	Kshs	Kshs
Motor Vehicle maintenance	834,972	0
Catering Services	1,220,630	0
Emergency Response	210,000	0
CHMT Supervision	115,700	0
Other Operating Expenditure	1,125,490	0
Domestic travels	9,147,950	0
Maintenance of office equipment	27,500	0
Training Expenses	493,800	0
Other (*Specify*)	0	0
Social benefit expenses*	0	0
Total	**29,408,283**	0

9.Depreciation and Amortization Expense

Description	FY Ended 30th June 2025 Kshs	Insert Previous FY Kshs
Property Plant and Equipment-Laptop	53,263	0
Intangible Assets	0	0
Total	**53,263**	0

10.Finance costs

Description	FY Ended 30th June 2025	Insert Previous FY
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

11.Gain/(loss) on disposal of assets

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

12.Gain/ (loss) on Fair Value Investments

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

13.Cash and cash equivalents

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Xxx Car Loan Account	0	0
Xxx County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	0	0
Embu County F.I.F Operation A/c Equity Bank A/C NO- 0190285835463 Bal as Per CB	562,728	0
Embu County Health Improvement Fund Equity Bank 01902855426242	41,179,706	0
Others (*Specify*)	0	0
Total Cash And Cash Equivalents	**41,742,434**	0

Notes to the Financial Statements Continued
Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	F.Y. Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
a) **Fixed Deposits Account**			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) **On - Call Deposits**			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) **Current Account**			
Kenya Commercial Bank		0	0
Bank B		0	0
Sub- Total		0	0
d) **Others(Specify)**			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		**41,742,434**	0

14.Receivables from exchange transactions

Description	F.Y. Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	140,743,700	0
Less: Impairment Allowance	(0)	(0)
Total Current Receivables	**140,743,700**	**0**
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	**0**	**0**
Total Receivables From Exchange Transactions	**140,743,700**	**0**

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

15.Prepayments

Description	FY Ended 30th June 2025 Kshs	Insert Comparative FY Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments *(Specify)*	0	0
Total	0	0

16.Inventories

Description	FY Ended 30th June 2025 Kshs	Insert Previous FY Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0

Total Inventories at The Lower of Cost and Net Realizable Value	**0**	**0**

Notes to the Financial Statements Continued

17.Investments in financial assets

Description	FY Ended 30th June 2025 Kshs	*Insert Previous FY* Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity xxx	0	0
Sub- total	0	0
Grand total	0	0

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	FY Ended 30th June 2025 Kshs	*Insert Previous F/Y* Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

c) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No. of shares			Nominal value of shares	Fair value of shares	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0

Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

Notes To The Financial Statements (Continued)

18.Property, plant and equipment

Cost	Buildings Kshs	Motor Vehicles Kshs	Furniture and Fittings Kshs	Computers and other equipment DHIS Rate 3.5% Kshs	Total Kshs
At 1st July (Previous FY)	**0**	**0**	**0**	**0**	**0**
Additions	0	0	0	-	0
Disposals	(0)	(0)	-	-	(0)
Transfers/Adjustments	0	(0)	0	(0)	(0)
At 30th June (Previous FY)	**0**	**0**	**0**	**0**	**0**
At 1st July (Current FY 2024)					
Additions	0	0	0	159,790	0
Disposals	(0)	-	-	-	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)
At 30th June (Current FY 2024/25)	**0**	**0**	**0**	**159,790**	**0**
Depreciation And Impairment					
At 1st July (**Previous** FY)	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	-	-	-	(0)
At 30th June (Previous FY)	**0**	**0**	**0**	**0**	**0**
At 1st July (Current FY 2024/25)					
Depreciation	(0)	(0)	(0)	(53,263)	(0)
Disposals	0	-	-	-	0
Impairment	(0)	(0)	-	-	(0)
Transfer/Adjustment	0	(0)	(0)	0	0
At 30th June (Current FY 2024/25)	**0**	**0**	**0**	**106,527**	**0**
Net Book Values				106,527	
At 30th June (Previous FY)	**0**	**0**	**0**	**0**	**0**
At 30th June (Current FY 2024/25)	**0**	**0**	**0**	**106,527**	**0**

Notes To The Financial Statements (Continued)

19.Intangible assets

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

20.Investment Property

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
At beginning of the year	**0**	0
Additions	0	0
Disposal during the year	(0)	(0)
Depreciation	(0)	(0)
Impairment	(0)	(0)
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

Notes To The Financial Statements (Continued)

21.Trade and other payables from exchange transactions

Description	FY Ended 30th June 2025		Insert Comparative FY	
	Kshs		Kshs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	**0**		**0**	
Ageing analysis (Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	**0**	%	**0**	%
1-2 years	**0**	%	**0**	%
2-3 years	**0**	%	**0**	%
Over 3 years	**0**	%	**0**	%
Total (tie to above total)	**0**		**0**	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

22. Provisions

Description	Leave provision Kshs	Bonus provision Kshs	Other provision Kshs	Total Kshs
Balance At the Beginning Of The Year	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End of The Year	**0**	**0**	**0**	**0**

Notes To The Financial Statements (Continued)

23.Borrowings

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Balance At Beginning of The Period	**0**	**0**
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	(0)	(0)
Repayments Of Domestics Borrowings During the Period	(0)	(0)
Balance At End of The Period	**0**	**0**

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	**0**	**0**

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs

Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	**0**	**0**

Notes To The Financial Statements (Continued)

24.Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

25.Social Benefit Liabilities

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	**0**	**0**

Notes To The Financial Statements (Continued)

26.Cash generated from operations

Description	FY Ended 30th June 2025	Insert Comparative FY
	Ksh	Ksh
Surplus/ (Deficit) For the Year Before Tax	**182,592,660**	**0**
Adjusted For:		
Depreciation	53,263	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	(0)	(0)
Increase In Receivables	(140,743,700)	(0)
Increase In Payables	0	0
Net Cash Flow From Operating Activities	**41,902,224**	**0**

Notes To The Financial Statements (Continued)

1. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have 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. The fund/scheme is related to the following entities:

a) The County Government;
b) The Parent County Government Ministry;
c) Key management;
d) Board of Trustees; etc.

b) Related party transactions

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	**0**	**0**

d) Due from related parties

Description	FY Ended 30th June 2025	Insert Comparative FY
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	**0**	**0**

Other Disclosures Continued

e) Due to related parties

Description	F.Y. Ended 30th June 2025	Preceding Comparative F.Y.
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

2. Contingent assets and contingent liabilities

Contingent Liabilities	F.Y. Ended 30th June 2025	Preceding Comparative F.Y.
	Kshs	Kshs
Court Case Xxx Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Notes To The Financial Statements (Continued)

3. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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, 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 entity'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	Gross amount Kshs	Individually impairing Kshs	Collectively impairing Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2024	0	0	0	0
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	**0**	0	0	0

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 entity 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 nil.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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 Kshs	Between 1-3 months Kshs	Over 3 months Kshs	Total Kshs
At 30 June (Current FY2025)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY 2024)	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Notes To The Financial Statements (Continued)

c) Market risk

The board 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 Fund'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 manner in which it manages and measures the risk.

i. 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 Kshs	Total Kshs
At 30 June (Current FY 2025)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
Liabilities	0	0	0
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund'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 Kshs	Effect on surplus/ deficit Kshs	Effect on equity Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)		0	0
Euro	10%	0	0
USD	10%	0	0

ii. 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 entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund 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 comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2025: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2025 – Kshs 0).

Notes To The Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	FY Ended 30th June 2025	Comparative FY
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	182,592,660	0
Total funds	**182,592,660**	0
Total borrowings	0	0
Less: cash and bank balances	(41,742,434)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

4. Events after the reporting period

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

5. Ultimate and Holding Entity

The entity is a County Public Fund established by Embu County Health Services Act *(Embu County Health Facility Improvement Fund)* under the Ministry of Health. Its ultimate parent is the County Government of Embu.

6. Currency

The financial statements are presented in Kenya Shillings (Kshs).

7. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. of the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved or Not Resolved)	Timeframe: (Date when it will be 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 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 Fund responsible for implementation of each issue.

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (Chief Officer medical services)

Date...29th August 2025.....

Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Embu County Health Facility Improvement Fund]
[60100]
The *Embu County Health Facility Improvement Fund]* wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30th June 2025

		Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30th June 2025 (E)	Differences (KShs) (F)=(D-E)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total							

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

Head of Accountants department of beneficiary Fund:

Name Pius Mukundi ..... **Sign** ..... **Date** 29/08/2025

Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments