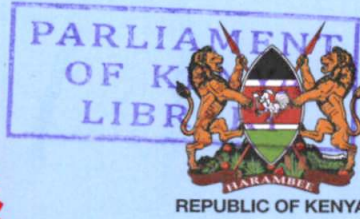


REPUBLIC OF KENYA



**REPORT**

**OF**

*448*

**THE AUDITOR-GENERAL**

**ON**

**LOKITAUNG SUB-COUNTY  
LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

PAPERS LAID	
DATE	19/2/26
TABLED BY	Ledama
COMMITTEE	
CLERK AT THE TABLE	Abdirahman

**COUNTY GOVERNMENT  
OF TURKANA**

1872



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**LOKITAUNG SUB COUNTY HOSPITAL**

*(Turkana County Government)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

**TABLE OF CONTENTS**

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management .....	vi
4. Key Management Team .....	viii
5. Chairman’s Statement .....	x
6. Report of the Medical Superintendent.....	xii
7. Statement of Performance Against Predetermined Objectives.....	xiv
8. Corporate Governance Statement.....	xvi
9. Management Discussion and Analysis .....	xviii
10. Environmental And Sustainability Reporting.....	xx
11. Report of The Board of Management .....	xxii
12. Statement of Board of Management’s Responsibilities .....	xxiii
13. Report of the Independent Auditor General on the Financial statements of Lokitaung Sub County Hospital.....	xxv
14. Statement of Financial Performance for The Year Ended 30 June 2025 .....	1
15. Statement of Financial Position As At 30 <sup>th</sup> June 2025 .....	3
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025.....	5
17. Statement of Cash Flows for The Year Ended 30 June 2025 .....	6
18. Statement of Comparison of Budget and Actual Amountsfor Year Ended 30 Jun 2025	8
19. Notes to the Financial Statements .....	10
20. Appendices.....	54

**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
KMPDC	Kenya Medical Practitioners and Dentist Council.
NHIF	National Hospital Insurance Fund.
SHA	Social Health Insurance.
AMREF	African Medical Research Foundation.

## **2. Key Entity Information and Management**

### **(a) Background information**

Lokitaung Sub County Hospital is a level 4 hospital established under gazette notice number 36 of 2010 and is domiciled in Turkana County under the Medical Service Department. The hospital is governed by a Board of Management.

The hospital serves as a referral facility for Turkana North Sub County which has total catchment population of 87,000. The hospital serves a large number of patients from the region, many of whom are from marginalized and disadvantaged communities with limited access to healthcare. The hospital is a key healthcare facility in the region, and it plays an important role in providing essential health services to the population.

### **(b) Principal Activities**

The principal mandate of Lokitaung sub county hospital is to provide high standard health care and provide community linkage to hospital services, including primary surgical care.

#### **Mission**

To promote and participate in the provision of integrated and high quality, promotive preventive, curative, rehabilitative healthcare services to all Kenyans.

#### **Vision**

Efficient and high quality healthcare system that is accessible and affordable for every Kenyan.

#### **Core objectives**

- i. Provide integrated services.
- ii. Provide safe patient centered care.
- iii. Provide efficient community linkage.

### **(c) Key Management**

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

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

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Henry Sing'oei
2.	Hospital Administrative Officer	John Amui
3.	Clinical Officer in Charge	Hillary Kiboi
4.	Nursing Officer In charge	Emily Cheserek
5.	Laboratory Services In charge	Ambrose Kanali
6.	Pharmacy in Charge	Lawrence Komen

**(e) Fiduciary Oversight Arrangements**

**The Quality Improvement Team**

There is a quality improvement team comprising of various heads of departments, the Medical superintendent being the chairperson and the Nursing officer in charge being the secretary. This team is obliged to improve the speed of decision-making and increase commitment for quality improvement. The roles and responsibilities of this committee is training of hospital staff, conducting situation analysis before implementation of QI approach, implementing Quality Improvement activities for common problems of the hospital, providing necessary inputs for QI activities, reviewing situation and the action plan.

The team implements changes, monitors their effects, and continuously evaluates and adjusts their approach to drive ongoing improvements in quality of care. Additionally, they ensure compliance with regulatory standards and accreditation requirements.

**(f) Entity Headquarters**

P.O. Box 3- 30504  
Lokitaung-Lowarengak road  
Lokitaung, Kenya

**(g) Entity Contacts**

Telephone: (+254) 700333239  
E-mail: lokitaungschos@gmail.com  
Website: www.lokitaungschos.go.ke

**(h) Entity Bankers**

Kenya Commercial Bank  
Lodwar Branch  
Lodwar

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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





**(k) County Attorney**

P.O. Box 11-30500  
Lodwar, Kenya






**3. The Board of Management**

Ref	Board Members	Details
1.	 Charles Ekuwam	<p>Mr. Ekuwam holds a college certificate with vast experience in management including being a project manager at Lokitaung family development project, assistant registration officer, project officer at a Community Based Organization, and formerly worked with Turkana county assembly. He is the Board Chairman.</p>
2	 Dr.Sing'oei Henry	<p>Dr.Sing'oei holds a Bachelor of medicine and surgery(MBChB) degree from Egerton University, Professional development course certificates in Monitoring and Evaluation, Leadership and Management in Global Health, Project Management, Policy development and advocacy and Transforming Your leadership skills from University of Washington and Quantitative data analysis from Sonek Data School. He possesses vast experience in health administration and has worked in various hospitals, health facilities and refugee health programme. He has attended a number of clinical trainings and planning workshops. He is the secretary to the board.</p>
3	 Halima Osma (Ms.)	<p>Ms. Halima, is a shrewd businesswoman having been in business community for many years. She has served in the boards of management including health department and has a wealthy of experience in management. She is the treasurer to the board.</p>

**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**


4	 Mary EkiruAsto (Ms.)	<p>Ms.Asto is certificate holder, having served Lokitaung Sub county hospital as a peer educator under Elizabeth Glaser Paediatric Aids Foundation, currently working at CCC/TB clinic under AMREF programme.</p>
5	 Fredrick Kadamoe (Mr.)	<p>Mr.Kadamoe holds a certificate in public administration and diploma in store keeping. He has a wealth of experience in public administration. Worked with SAPCONE and Mercy Corps as community facilitator and peace monitor. Worked as well with Lokitaung Catholic mission, Electoral Commission of Kenya /Independent Electoral and Boundaries Commission and Airtel Kenya. He currently works for the County Government of Turkana as clerk at county assembly.</p>
6	 Peter Epuu (Pr)	<p>Pastor Peter holds a diploma in church planting and Ministry from The Timothy Initiative and Discover Bible school courses. He is under engagement as a child protection volunteer Directorate of Children’s services. He works in a Christian ministry currently as a pastor at Lokitaung,</p>
7	 Peter Nayeel (Mr.)	<p>Mr. Nayeel is a conflict Mediation and resolution trainer of trainers with certification, completed A levels. He is a business man in the fishing industry. He is a youth representative in the board of management.</p>

#### 4. Key Management Team

No.	Management	Details
1.	 Dr. Henry Sing'oei	<p>Dr.Sing'oei is qualified by Bachelor of Medicine and Surgery, duly registered and licensed by KMPDC.He is the medical superintendent.</p>
2.	 John Amui	<p>Mr. Amui is qualified by Bachelor in community development studies, diploma in community development, project planning and management. He has worked in number of ministries/ departments including public works, fisheries and the office of deputy Governor Turkana County Government. He is the Hospital Administrative Officer.</p>
3.	 Hillary Kiboi	<p>Mr. Kiboi is qualified by diploma in clinical medicine and surgery. Has undergone a number of clinical trainings and is the Non-communicable disease coordinator Turkana North Sub county. He is the facility Clinical Officer in Charge.</p>
4.	 Emily Cheserek	<p>Ms. Cheserek is Nursing Officer In charge of the hospital, a qualified Kenya Registered Community Health Nurse. She has over 9 years of experience and have undergone a number of clinical trainings.</p>
5.	 Mr. Kanali	<p>Mr. Kanali is qualified by diploma in laboratory technology. He has over 11 years of experience. He is set to pursue higher national diploma course in histopathology and cytology at the Nairobi Kenya Medical Training College Laboratory Services In charge</p>

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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No.	Management	Details
	Ambrose Kanali	
6.	 Lawrence Komen.	Mr. Komen is qualified by diploma in Pharmaceutical technology with more than 15 years of experience. He has worked in different capacities at the sub county level. He is the chief pharmaceutical technologist.

## **5. Chairman's Statement**

### **Introduction**

Salutations to all members, partners, and friends of Lokitaung Sub County Hospital. It is with great pleasure that I present the annual Chairman of the Board's report, reflecting the accomplishments, challenges, and initiatives undertaken by our dedicated team over the past year. At the heart of our endeavours is the unwavering commitment to providing quality healthcare services to the community we serve.

### **Our Core Mandate as the Board**

The Lokitaung Sub County Hospital Board is entrusted with the critical responsibility of overseeing the hospital's strategic direction, policy formulation, and operational excellence. Our core mandate revolves around ensuring that the hospital operates efficiently, offering accessible, affordable, and high-quality healthcare to our community.

### **Hospital Status**

Since our incoming as the new board following gazettelement in March,2025 the hospital has made remarkable strides with the first caesarean sections done, continuity of cataract surgeries outpatient and inpatient treatment. The hospital is in the right trajectory in her road to self-reliance.

### **Businesses Conducted by the Board**

From the documentations, the outgoing board were able to fulfil its mandate through board meetings and overseeing the running of the hospital. We've so far had 2 board meetings since April, 2025 and a board orientation meeting. As well, we have been able to engage stakeholders including directorate of medical services, local leadership in aim of advancing the hospital's agenda.

### **Hospital Projects and Achievements**

Our hospital has undertaken significant projects aimed at expanding and enhancing our services. Notable achievements include optimizing the use of the operating theatre, equipping the laboratory, initiation of blood transfusions, servicing the automatic change over generator and better staff management. Furthermore, we initiated health education campaigns to raise awareness about our services; preventive, promotive and curative interventions, contributing to increased utilization of our services.

Notably, the new mortuary is 80 % complete, and through the support of AMREF the manipold Pressure Swing Adsorption oxygen plant installation is active and will be completed before the end of first quarter of 2025/2026.

### **Challenges Faced**

While we celebrate our achievements, it's important to acknowledge the challenges that we have encountered on our journey. Healthcare financing remains a critical concern, as we strive to maintain quality care despite budget constraints. Water and sanitation infrastructure also require

improvement to ensure a safe and hygienic environment for both patients and staff. Moreover, the increasing demand for our services necessitates urgent infrastructure expansion, which has its own set of challenges.

**Healthcare Financing**

Limited funding continues to be a significant obstacle, affecting our ability to invest in advanced medical equipment, staff training, and infrastructure development. We are actively exploring partnerships and grant opportunities to bridge this gap and secure sustainable funding for the hospital's operations.

**Water and Sanitation**

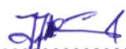
With the support of Turkana North Constituency Development Fund the facility borehole is operational except that further improvements are needed such as piping to the wards and a desalination plant and installation of more water storage tanks.

**Infrastructure Expansion**

As the demand for our services grows, we recognize the urgent need for infrastructure expansion. Our overcrowded facilities strain our ability to provide efficient care. We are happy the ministry of health is on the process of expanding the infrastructure and continue equipping the hospital. The Board is in the process of developing a guiding frame work to guide in planning for adequate utilization of the hospital spaces, taking into account the needs of our patients and staff.

In conclusion, I want to express my gratitude to the entire Lokitaung Sub County Hospital team, our dedicated medical professionals, support staff, and management, for their tireless efforts in delivering healthcare services to our community. We are steadfast in our commitment to overcoming challenges and embracing opportunities to elevate the quality of healthcare we provide.

Thank you for your continued support, and we look forward to another year of growth, resilience, and service to humanity.



.....  
**Charles Ekuwam**  
**Chairman to the Board**

## **6. Report of the Medical Superintendent**

It is with great privilege and responsibility that as the Medical Superintendent of Lokitaung Sub County Hospital I present our annual financial report. This report serves as a testament to our commitment to transparency, accountability, and our unwavering dedication to providing quality healthcare services to our community.

### **Functions of the Medical Superintendent:**

As the Medical Superintendent, my role encompasses a range of critical functions. I am entrusted with the overall management of the hospital, overseeing its daily operations, and ensuring the efficient delivery of healthcare services. My responsibilities extend to:

1. **Clinical Oversight:** I work closely with our dedicated medical professionals to maintain high standards of patient care, ensuring that medical services are provided with utmost diligence and compassion.
2. **Administrative Leadership:** I provide leadership to the hospital's administrative team, focusing on efficient resource allocation, staffing, and strategic planning working keenly under the directorate of medical services Turkana County Government.
3. **Financial Stewardship:** I play a pivotal role in the financial management of the hospital, which includes budgeting, financial reporting, and seeking sustainable funding sources to support our operations.
4. **Community Engagement:** I actively engage with our community, seeking their input and feedback to improve our services and ensure that we meet their healthcare needs effectively.
5. **Quality Assurance:** I oversee quality assurance programs to maintain and enhance the quality of care provided by the hospital, including adherence to medical standards and protocols.

### **The Hospital Status:**

Over the past year, Lokitaung Sub County Hospital has continued to be a cornerstone of healthcare delivery in Turkana North and select areas of Kibish Sub County. Our hospital stands as a beacon of hope for our community, offering essential medical services that cater to a diverse range of healthcare needs.

Our team of medical professionals, support staff, and management has displayed unwavering dedication, ensuring that our patients receive the highest level of care. Even in the face of various challenges, we have upheld our commitment to excellence in healthcare service delivery. However as a level 4 hospital, we have a limited number of critical staff distributed as follows; one medical officer (med sup.), three nursing officers, two clinical officers, one lab technician, one nutritionist, and two pharmaceutical technologists. We are grateful for the support of AMREF having seconded one laboratory technologist, 2 nursing officers and one clinical officer with their contracts anticipated to end in September, 2025.

### **The Hospital Financial Performance:**

Focusing on the 2024/25 financial performance of Lokitaung Sub County Hospital, our resource pool have increased tremendously with the uptake of SHA, however much we have not been able

to fully reap the benefits from inpatient and theatre services due to pending reassessment of the facility by KMPDC.

**Achievements:**

Our hospital has made significant strides in the past year, achieving several noteworthy milestones:

1. **Enhanced Services:** We have been able to operationalize the Spanish theatre with the first caesarean section performed in April, 2025, initiated blood transfusion services, supported Kalazaar treatment programmes and stabilization center and coordinated referrals in the region.
2. **Staff Management:** Our efforts in better staff management together with the Sub County HRM have led to improved staff morale and productivity, ultimately benefiting patient care. With collaborative governance the staffs feels confident and motivated having their ideas and inputs strongly considered in every hospital matter.
3. **Health Education Campaigns:** We successfully initiated health education campaigns to raise awareness about our services, including preventive, Promotive, and curative interventions. This has resulted in increased utilization of our facilities and increasing SHA enrollment.

**Challenges:**

Despite our achievements, we have encountered several challenges:

1. **Healthcare Financing:** Limited funding remains a significant obstacle, affecting our capacity to invest in critical areas including patient mobility. We are actively seeking sustainable funding sources to address this challenge. We are requesting the Turkana County Government to consider quarterly funding of the hospital to support its operation.
2. **Infrastructure:** As the demand for our services continues to grow, we urgently require infrastructure expansion to alleviate overcrowding and enhance patient care. The Ministry of Health's ongoing efforts in this regard are appreciated.
3. **Water and Sanitation:** Access to clean water and proper sanitation facilities is essential for infection control and patient safety. We are committed to addressing this issue by improving our water supply and sanitation infrastructure.

**Acknowledgment**

Lokitaung Sub County Hospital remains steadfast in its commitment to providing quality healthcare services to our community. This annual financial report reflects our journey, achievements, and challenges, and we are dedicated to overcoming obstacles and seizing opportunities for the betterment of our hospital and the people we serve. We extend our heartfelt gratitude to our entire team, our community, and our partners for their continued support, and we look forward to another year of growth, resilience, and dedicated service to humanity.

  
.....  
**Dr Henry Sing'oei**  
**Secretary to the Board**

## 7. Statement of Performance Against Predetermined Objectives

Lokitaung Sub County Hospital has four strategic pillars and objectives within its Strategic Plan for the Financial Year 2024/2025. These strategic pillars are as follows:

- Pillar 1: Health Service Delivery
- Pillar 2: Health Workforce
- Pillar 3: Health Financing
- Pillar 4: Leadership and Governance

Lokitaung Sub County Hospital develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Lokitaung Sub County Hospital achieved its performance targets set for the Financial Year 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: Health Service Delivery:</b>	Improve access to essential health services, especially for vulnerable populations	Tracking the percentage of the population accessing essential health services.	Enhance quality, accessibility, and equity of health services. Strengthen referral systems and emergency care.	80% of the vulnerable population are accessing the health services, and the referral system has been strengthened.
<b>Pillar 2: Health Workforce</b>	Enhance their competencies through training and professional development.	Evaluating the percentage of health workers completing required training.	Increase the number of skilled health workers. Improve retention and motivation.	Skilled staffs have increased in numbers to cover majority of clinical services. The doctor to patient ratio is still low in view of low catchment population. The management is

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

				actively seeking support to raise the staffing levels
<b>Pillar 3: Health Financing</b>	Improve financial risk protection for citizens	Evaluating the extent to which health costs are covered by insurance or other mechanisms.	Increase domestic funding for health. Explore innovative financing mechanisms.	In the process of making the entity autonomous in order to get more funding. Streamlining the SHA Operations.
<b>Pillar 4: Leadership and Governance</b>	Promote transparency and accountability in health management.	Evaluating adherence to governance principles.	Strengthen health sector leadership at all levels. Enhance coordination among stakeholders	70% achieved in strengthening leadership at all levels

## **8. Corporate Governance Statement**

The Board of directors is composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The Board has appropriate autonomy and authority to exercise its functions is accountable and responsible to the stakeholders. The composition of the Board provides a diversity of gender, competencies and skills required for effective leadership of the organization.

### **Appointment and Removal of Directors/Board Members.**

The Board of Directors are appointed by a transparent and formal process governed by the County Executive Committee Member (CECM) for Health through a Gazette Notice and thereafter an appointment letter. The new board was gazetted on 7<sup>th</sup> March, 2025 to three year tenure and have since received their appointment letters and the old board dissolved.

### **Roles and Function of the Board.**

The Board of the have the following roles as outlined by Turkana County Health Services Administration Act:

- i. Responsible for the supervision of the funds allocated to the hospital;
- ii. Open and operate a bank account at a bank approved by CECM finance;
- iii. Consider recommended activities to be included in the hospital work plans based on the County health sector strategic plan.
- iv. Keep a permanent record of all deliberations

### **Induction and Training of the Board.**

Lokitaung Sub County Hospital recognizes the governance leap made by the Government of Kenya through the development and issuance of Mwongozo- the Code of Governance for State Corporations. The new board was inducted and had their orientation meeting in April, 2025.

### **Conflict of Interest**

During every meeting of the board, members sign a declaration of conflict of interest. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

### **Board Remuneration**

The policy on remuneration of the board members is in place as provided for by relevant government regulations and guidelines. Allowances were paid when they fall due.

**Ethics and Conduct**

Board members received training on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

**Governance Audit**

The Board has established a Board Audit and Risk Committee however they have not yet been inducted as a subcommittee.

<b>S/No</b>	<b>Board Member</b>	<b>Classification</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>No. of Meetings attended</b>
1.	Charles Ekuwam	Independent	Board Chairperson	3	3/3
2.	Halima Osma	Independent	Treasurer	3	3/3
3.	Mary Asto	Independent	Member	3	3/3
4.	Fredrick Kadamoe	Independent	Member	3	3/3
5.	Peter Epuu	Independent	Member	3	3/3
6.	Peter Nayelet	Independent	Member	3	Nil
7.	Dr. Henry Sing'oei	Medical Sup.	Secretary	3	3/3

During the period under review the new Board held 2 meetings so far since March of 2025, and one orientation and induction meetings, whereas the outgoing board had held one meeting in the second quarter.

## **9. Management Discussion and Analysis**

During the year under review the hospital has been operating in accordance with the Turkana County Health Administrative Act through authority from the Chief Officer.

During the year under review, the Hospital received a total of Kshs.35,593,366 out of which Kshs.1,395,444.45 was funds transferred from the NHIF and SHA (Transfers from other Government entities), Kshs.122,770 rendering of medical service of Kshs.34,075,152 in kind contributions from the county Government.

### **Clinical/ operational Performance.**

Lokitaung Sub County hospital serves a catchment population of 3700 patients and is a referral facility to the 37 health facilities in Turkana North Sub County. The facility sees an average of 850 patients per month and average monthly inpatient admission of 14, monthly deliveries average of 12. The common conditions under admission are Visceral Leishmaniasis, and complications related to malnutrition.

The hospital has a bed capacity of 24

The scope of service at the hospital includes; outpatient consultation, Gender Based Violence services, Comprehensive Care Centre and Tuberculosis care, HIV Testing services, physiotherapy, outpatient therapeutic nutrition program, eye care services, community health program undertaking outreaches, home visits and integrated community case managements, public health disease surveillance, immunization services, antenatal care and family planning, laboratory services including biochemistry, haematology and gene Xpert, sample referrals and inpatient treatment.

Lokitaung hospital is a kalazaar treatment centre, offering diagnosis treatment of visceral leishmaniasis and transfusion services. It is a Comprehensive emergency maternal obstetric and neonatal care centre with state of art theatre, radiant warmers/ resuscitaires.

Since the launch of Dr. Rafael Morcillo Spanish theatre, the first caesarean section was recorded on 5<sup>th</sup> April, 2025 and so far a total of 4 caesarean sections have been performed.

The facility has a long history of eye services courtesy of support from Spanish eye doctors

The hospital receives support from AMREF through 3 staffs ( 2 nurses, 1 laboratory technologist), and Positive Swing Adsorption oxygen plant installation and in-kind support from the Turkana county Government.

### **Financial performance.**

For the year 2024-2025 the performance was greatly influenced by the policy changes in health financing with the transition from NHIF to SHA with the setbacks in the SHA provider portal categorization of the facility as a primary health care facility.

The facility receives revenue through cost sharing modalities, SHA and in-kind support through drug supply and staffing from County government of Turkana.

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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.....  
**Dr.Sing'oei Henry**  
**Medical Superintendent.**

## **10. Environmental And Sustainability Reporting**

### *i) Sustainability strategy and profile*

Lokitaung Sub County Hospital in Turkana County prioritizes comprehensive medical care for residents. Its accounting officer ensures financial viability by monitoring expenses and aligning spending with national healthcare goals. Beyond finances, the hospital remains aware of political and macroeconomic trends that impact service delivery.

### *ii) Environmental performance*

Lokitaung Sub County Hospital recognizes its responsibility to protect the environment while providing essential healthcare services. Their environmental policy aims to balance medical care with sustainable practices. Evidence of this policy can be found in their initiatives, infrastructure, and operational decisions.

Rehabilitation efforts have targeted various hospital departments, including the Paediatric ward, Male and Female wards, Outpatient department, Operating Theatre, and Physiotherapy department. Upgrading infrastructure contributes to better resource utilization and energy efficiency. The hospital's location in an arid area necessitates thoughtful resource use. Preserving local flora and fauna is crucial for ecological balance. The hospital's waste management policy likely includes guidelines for proper disposal of medical waste. Ensuring safe handling of hazardous materials is essential. Evidence of this policy would be found in waste disposal practices, segregation, and collaboration with relevant agencies.

### *iii) Employee welfare*

The hiring process for Lokitaung Sub County Hospital staff is done centrally by the County Public Service Board by following the National's Human Resource policies and manuals which take into account the gender ratio, take in stakeholder engagements and how often they are improved. The hospital ensures a safe working environment, proper handling of hazardous materials, and compliance with health and safety regulations such as the Occupational Safety and Health Act of 2007, (OSHA.)

### *iv) Market place practices-*

The following are the market place practices undertaken by the hospital:

#### *a) Responsible competition practice.*

The Lokitaung Sub County Hospital actively promotes ethical practices and responsible competition. They combat corruption through internal controls and audits, educate staff about fair play, and maintain a neutral political stance. Fair competition, innovation, and respect for competitors contribute to their commitment to quality healthcare

#### *b) Responsible Supply chain and supplier relations.*

Lokitaung Sub County Hospital demonstrates responsible business practices by upholding contractual agreements and treating suppliers with respect. Their

commitment to honouring contracts ensures that suppliers receive timely payments and fair treatment. Whether procuring foodstuff, medical supplies, or other essentials, the hospital prioritizes transparency, reliability, and ethical conduct. By maintaining strong relationships with suppliers, they contribute to a sustainable and efficient healthcare system for the community.

***c) Responsible marketing and advertisement.***

Lokitaung Sub County Hospital demonstrates ethical marketing practices through several initiatives. Firstly, they prioritize transparency and community engagement, actively communicating with the community about services, programs, and achievements. Secondly, their patient-centric approach ensures clear communication about available services, treatment options, and patient rights. Thirdly, they practice cultural sensitivity, considering Turkana's unique context in marketing materials. Fourthly, collaboration with Non-Governmental Organizations and partners strengthens their reach, enhancing community awareness. Lastly, maintaining high standards of care contributes to a positive reputation, as satisfied patients become advocates for the hospital's ethical practices.

***v) Corporate Social Responsibility / Community Engagements.***

Lokitaung Sub County Hospital operates within a community facing significant vulnerability due to high poverty levels. There are instances where patients receive services but are unable to pay, the hospital steps in by waiving the fees. Additionally, after receiving treatment and discharged, there are those stranded due to lack of transportation, the hospital provides support to ensure they can safely return home to their families. This compassionate approach reflects the hospital's commitment to serving its community, even in challenging circumstances.

## **11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the Lokitaung Sub County Hospital's affairs.

### **Principal activities**

The principal activities of the entity are to provide high standard health care and provide community linkage to hospital services, including essential and specialized surgical care.

### **Results**

The results of the entity for the year ended June 30<sup>th</sup> 2025 are set out on pages 1 to 9.

### **Board of Management**

The members of the Board who served during the year are shown on page vi to vii. During the year, the old board was dissolved upon completion of their 3 year tenure (John Lotonia Chairman, Dr. Hillary Cheruiyot Secretary, Lydia Lobolia, Agnes Mana, Peter Wafula, Simon Emanman and James Lobeck) and new gazetted board members on boarded from 7<sup>th</sup> March, 2025.

### **Auditors**

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

By Order of the Board



.....  
**Dr. Sing'oei Henry.**  
**Secretary to the Board.**

## **12. Statement of Board of Management's Responsibilities**

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

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

The Board of Management accepts responsibility for the Lokitaung Sub County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Lokitaung Sub County Hospital financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the Lokitaung Sub County Hospitals financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Lokitaung Sub County Hospital, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


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

### **Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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.....  
**Name: Charles Ekuwam**  
**Chairperson**  
**Board of Management**

  
.....  
**Name: Dr. Sing'oei Henry.**  
**Accounting Officer**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON LOKITAUNG SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF TURKANA

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Lokitaung Sub-County Hospital set out on pages 1 to 56, which comprise of the statement of financial position as at

30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.659,800 as disclosed in Note 29 to the financial statements. However, the supporting schedules, detailed ageing analysis, customer statements and respective invoices issued were not provided for review.

In the circumstances, the accuracy, completeness and existence of receivables from exchange transactions amount of Kshs.659,800 could not be confirmed.

#### **2. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.1,930,000 which as disclosed in Note 36 to the financial statements relates to casual employees' dues. However, a ledger or schedule to support the account balance was not provided. In addition, the same balance was reported as outstanding in the previous year 2023/2024. Management did not provide satisfactory explanation on why the balance was not paid as a first charge in the year under review.

In the circumstances, the accuracy, completeness and existence of trade and other payables balance of Kshs.1,930,000 could not be confirmed.

#### **3. Undisclosed Property, Plant and Equipment**

The statement of financial position reflects nil balance in respect of property, plant and equipment as disclosed in Note 32 to the financial statements. However, review of records and physical verification revealed that the Hospital is in possession of various assets including land, buildings, furniture, motor vehicles, computers and equipment of

undetermined value. In addition, ownership documents for the land occupied by the Hospital were not provided for verification.

In the circumstances, the accuracy, existence, valuation and completeness of the nil balance of property, plant and equipment could not be confirmed.

#### **4. Undisclosed Inventories**

The statement of financial position reflects inventories balance of Kshs.1,404,642 as disclosed in Note 31 to the financial statements. However, the Management did not provide a stock take report as at the close of the financial year to support the balance in the financial statements. In addition, there was no evidence that a board of survey was constituted to undertake the end of year stock take.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.1,404,642 could not be confirmed.

#### **5. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.120,421 as disclosed in Note 27 to the financial statements. However, the balance was not supported by bank reconciliation statements and bank confirmation certificate.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs120,421 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lokitaung Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

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

#### **Unresolved Prior Year Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the

status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Undisclosed inventories
2	2023/2024	Undisclosed property, plant and equipment
3	2023/2024	Unsupported cash and cash equivalents
4	2023/2024	Lack of an approved budget
5	2023/2024	Deficiencies in implementation of universal health coverage (UHC)
6	2023/2024	Lack of internal audit function
7	2023/2024	Inadequate board meetings

### **Other Information**

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

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

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack of Annual Procurement Plan**

The statement of financial performance reflects payments totalling to Kshs.4,601,379 in respect to medical costs, repairs and maintenance and general expenses. However, Management did not provide an approved annual procurement plan as proof that items procured had been planned and budgeted for. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

### **2. Failure to Charge and Remit the Public Procurement Capacity Building Levy**

The statement of financial performance reflects total payments of Kshs.39,259,141 out of which Kshs.4,601,379 was incurred in respect to medical clinical costs, repairs and maintenance and general expenses. However, there was no evidence of a capacity building levy charged on procurement contracts signed. This was contrary to paragraph 3(1) of the Public Procurement Capacity Building Levy order, 2023 which requires that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

### **3. Lack of Occupational Safety and Health Policy**

Review of the Hospital's internal controls revealed that the Hospital did not prepare and approve an occupational safety and health policy and did not have an occupational safety and health committee at the workplace. This is contrary to Section 9 of the Occupational Safety and Health Act, 2007 that provides that every occupier shall establish occupational health and safety committee at the work place and ensure occupational health and safety audits are done.

In the absence of occupational safety and health policy, committee and audits, the Hospital was in breach of the law.

### **4. Deficiencies in Implementation of Universal Health Coverage (UHC)**

Review of Hospital records and physical verification of services offered, equipment used and medical specialists in the Hospital at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines as detailed below:

<b>Staffing Requirement</b>	<b>Number as per Level 4 Standard</b>	<b>Actual Number in Hospital</b>	<b>Variance</b>	<b>Percentage Variance (%)</b>
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	4	71	95

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

<b>Service</b>	<b>Number as per Level 4 Hospital Standard</b>	<b>Actual Number in the Hospital</b>	<b>Variance</b>	<b>Percentage Variance (%)</b>
Resuscitaire in Labour Ward	2	1	1	50
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	3	2	40
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Units with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity and General	2	1	1	50

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

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

## **5. Non-Compliance with the Public Sector Accounting Standards Board Reporting Template**

The statement of financial position has reference to Note 28 in respect of receivables from exchange transactions, Note 30 in respect of inventories, Note 31 for property, plant

and equipment and Note 34 for trade and other payables. However, the reference does not match with supporting Notes of 29, 31, 32 and 36 respectively.

In the circumstances, the annual report and financial statements as prepared and presented did not comply with the requirements of the reporting template as prescribed and issued by the Public Sector Accounting Standards Board.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Incomplete Fixed Asset Register**

Verification of available records revealed that details in the register are not complete with required information such as the location of assets, computers or electronics serial numbers, assets conditions, models/make, acquisition costs for some items, opening balances at the start of the year, disposals and the closing balances at the end of the year. In addition, ownership documents for the land the Hospital occupies was not provided for verification. Further, the assets have not been tagged for identification purposes.

In the circumstances, the ownership, valuation and internal controls over fixed assets could not be confirmed.

#### **2. Weakness in Inventory Management System**

Review of the Hospital operations revealed that there is no inventory management system in place to generate daily, monthly, quarterly and annual real time inventory reports for reconciliation with bin cards and physical stock levels. Further, there is no system in place to record the expiry dates of drugs or non-pharmaceutical items hence the Hospital's

Management may not be able to obtain reports of expired stock at any given time. Identifying these expired items requires a manual search of the inventory.

In the circumstances, the effectiveness of internal controls over stores management could not be confirmed.

### **3. Lack of Human Resource Policies and Procedures Guideline**

Review of the records and inquiries from Management revealed the Hospital did not have an approved human resource and policies and procedures and salary structure. Hence there was no proper guidance on remuneration of the staff, the recruitment process and training and continuous development of employees. This is contrary to paragraph B.1 of the Public Service Human Resources Policies Manual for the Public service of May, 2016 which provides for the rules governing recruitment, appointment, confirmation in appointment and promotion of public officers.

In the circumstances, the efficiency and effectiveness of human resource management practices in the Hospital could not be confirmed.

### **4. Lack of an Internal Audit Committee**

During the year under review no evidence was provided by way of appointment letters or gazette notice to support existence of an audit committee that plays an oversight role in the Hospitals' financial and operational activities. This was contrary to Regulation 167 of the Public Finance Management (County Government) Regulations, 2015 which requires that each County Government Entity shall establish an audit committee.

In the circumstances, the efficiency of risk management, fraud prevention mechanisms and internal controls in the Hospital could not be confirmed.

### **5. Lack of Internal Audit Function**

The Management of the Hospital has not established an internal audit department contrary to Regulation 153(1) of the Public Finance Management (County Government) Regulations, 2015 which states that internal auditors shall:(a) review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes and give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization; and review the effectiveness of the financial and non-financial performance management systems of the entities.

In the circumstances, the efficiency of risk management, fraud prevention mechanisms and internal controls in the Hospital 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 Management**

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**11 December, 2025**

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*




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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	38,958,682	36,668,094
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	1,395,444	983,800
Public contributions and donations	10	-	2,856,663
		<b>40,354,126</b>	<b>40,508,557</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	122,770	277,415
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		<b>122,770</b>	<b>277,415</b>
<b>Total revenue</b>		<b>40,476,896</b>	<b>40,785,972</b>
<b>Expenses</b>			
Medical/Clinical costs	15	3,360,478	9,313,142
Employee costs	16	34,572,762	31,823,500
Board of Management Expenses	17	85,000	14,000
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	130,200	-
Grants and subsidies	20	-	-
General expenses	21	1,110,701	707,394
Finance costs	22	-	-
<b>Total expenses</b>		<b>39,259,141</b>	<b>41,858,036</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>1,217,755</b>	<b>(1,072,064)</b>

**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:

 .....	 .....	 .....
<b>Charles Ekuwam</b> <b>Chairman</b> <b>Board of Management</b>	<b>Head of Finance</b> <b>ICPAK No: 17957</b>	<b>Dr. Sing'oei Henry</b> <b>Medical Superintendent</b>

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	120,421	307,308
Receivables from exchange transactions	28	659,800	659,800
Receivables from non-exchange transactions	29	-	-
Inventories	30	1,404,642	-
<b>Total Current Assets</b>		<b>2,184,863</b>	<b>967,108</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	-	-
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>2,184,863</b>	<b>967,108</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	34	1,930,000	1,930,000
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
<b>Total Current Liabilities</b>		<b>1,930,000</b>	<b>1,930,000</b>
<b>Non-Current Liabilities</b>			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41	-	-

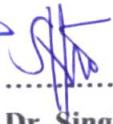
**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

<b>Total Non-Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>1,930,000</b>	<b>1,930,000</b>
<b>Net Assets</b>		<b>254,863</b>	<b>(962,892)</b>
<b>Represented by</b>			
Revaluation reserve		-	
Accumulated surplus/Deficit		254,863	(962,892)
Capital Fund		-	
<b>Total Net Assets and Liabilities</b>		<b>254,863</b>	<b>(962,892)</b>

The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:

  
 .....  
**Charles Ekuwam**  
**Chairman**  
**Board of Management**

  
 .....  
**Head of Finance**  
**ICPAK No: 17957**

  
 .....  
**Dr. Sing'oei Henry**  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023</b>	-	109,172		109,172
Revaluation gain	-	-		-
Surplus/(deficit) for the year	-	(1,072,064)		(1,072,064)
Capital/Development grants	-	-		-
<b>As at June 30, 2024</b>	-	(962,892)		(962,892)
<b>At July 1, 2024</b>	-	(962,892)		(962,892)
Revaluation gain	-	-		-
Surplus/(deficit) for the year	-	1,217,755	-	1,217,755
Capital/Development grants	-	-	-	-
<b>At June 30, 2025</b>	-	254,863	-	254,863

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Cash flows From Operating Activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
In Kind Contributions from The County Government		-	324,000
Grants from donors and development partners		-	-
Transfers from other Government entities		1,395,444	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		122,770	277,415
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>1,518,214</b>	<b>601,415</b>
<b>Payments</b>			
Medical/Clinical costs		141,200	-
Employee costs		238,000	280,000
Board of Management Expenses		85,000	14,000
Repairs and maintenance		130,200	-
Grants and subsidies		-	-
General expenses		1,110,701	109,279
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>1,705,101</b>	<b>403,279</b>
<b>Net Cash flows From Operating Activities</b>	42	<b>(186,887)</b>	<b>198,136</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
<b>Net Cash flows Used In Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows From Financing Activities</b>			

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>(186,887)</b>	<b>198,136</b>
Cash and cash equivalents as at 1 July	27	307,308	109,172
<b>Cash and cash equivalents as at30 June</b>	<b>27</b>	<b>120,421</b>	<b>307,308</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	-	-	-	-	-	0
Grants from donors and development partners	-	-	-	-	-	0
Transfers from other Government entities	1,395,444	-	1,395,444	1,395,444	-	100
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	122,770		122,770	122,770	-	100
Revenue from rent of facilities	-	-	-	-	-	-
Balance B/F	307,308	-	307,308	307,308	-	100
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
In Kind Contributions from The County Government	38,958,682	-	38,958,682	38,958,682	-	100
<b>Total income</b>	<b>40,784,204</b>	<b>-</b>	<b>40,784,204</b>	<b>40,784,204</b>	<b>-</b>	<b>100</b>
<b>Expenses</b>						
Medical/Clinical costs	3,360,478	-	3,360,478	3,360,478	-	100

**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Employee costs	34,572,762	-	34,572,762	-	100
Remuneration of directors	85,000	-	85,000	-	100
Repairs and maintenance	130,200	-	130,200	-	100
Grants and subsidies	-	-	-	-	-
General expenses	1,110,701	-	1,110,701	-	100
Finance costs	-	-	-	-	-
<b>Total Expenses</b>	<b>39,259,141</b>	<b>-</b>	<b>39,259,141</b>	<b>-</b>	<b>100</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>1,525,063</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	1,525,063
Less: Closing Inventory	1,404,642
Closing Cash and Cash Equivalent as per the statement of Cash flows	120,421

## **19. Notes to the Financial Statements**

### **1. General Information**

Lokitaung sub county hospital is established by and derives its authority and accountability from Public Finance Management Act. The hospital is wholly owned by the County Government of Turkana and is domiciled in Turkana North in Kenya. The hospital's principal activity is provision of preventive curative health care services.

### **2. Statement of Compliance and Basis of Preparation**

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

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> </ol>

**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ul>

Standard	Effective date and impact:
	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

*iii) Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on July, 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 hospital did not record additional appropriations on the FY 2024/2025 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another hospital. 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The hospital 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 26.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

The hospital 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 hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**p. Nature and purpose of reserves**

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

**q. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

The hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular,

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty.**

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

**Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	-	-
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Pediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total Government Grants And Subsidies</b>	-	-

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Turkana County Government	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	34,334,762	29,613,500
Medical supplies-Drawings Rights (KEMSA)	4,623,920	6,451,979
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Food and Ration	-	-
Utility bills	-	602,615
Cash	-	-
Office Supplies	-	-
<b>Total grants in kind</b>	<b>38,958,682</b>	<b>36,668,094</b>

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Pediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Strathmore University	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-

<b>Total</b>	-	-	-	-	-
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**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Health Insurance Fund		983,800
Transfer from Social Health Authority	1,395,444	-
Transfer from Institute	-	-
<b>Total Transfers</b>	<b>1,395,444</b>	<b>983,800</b>

**10. Public Contributions and Donations**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	2,856,663
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	<b>-</b>	<b>2,856,663</b>

**10 (a)Reconciliations of amortised grants**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	2,856,663
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	<b>-</b>	<b>2,856,663</b>

**Notes to Financial Statements Continued**

**11. Rendering of Services-Medical Service Income**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceuticals	35,280	159,365
Non-Pharmaceuticals	-	-
Laboratory	30,650	36,780
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Inpatient Services	43,940	58,500
Physiotherapy	12,900	22,770
Other medical services income (eye clinic)	-	-
<b>Total Revenue From The Rendering Of Services</b>	<b>122,770</b>	<b>277,415</b>

**12. Revenue From Rent of Facilities**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	<b>-</b>	<b>-</b>

**13. Finance /Interest Income**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance in come</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

14. Miscellaneous Income

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

15. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	25,000	390,544
Public health activities	-	-
Food and Ration	-	-
Uniform, clothing, and linen	-	481,709
Dressing and Non-Pharmaceuticals	-	1,056,936
Pharmaceutical supplies	3,219,278	7,270,763
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	86,200	4,500
Purchase of Medical and Non-Medicalequipment's	30,000	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (specify)	-	108,690
<b>Total medical/ clinical costs</b>	<b>3,360,478</b>	<b>9,313,142</b>

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries, wages, and allowances	34,572,762	31,823,500
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>34,572,762</b>	<b>31,823,500</b>

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	85,000	14,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>85,000</b>	<b>14,000</b>

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

**19. Repairs And Maintenance**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Property- Buildings	100,200	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	30,000	-
<b>Total repairs and maintenance</b>	<b>130,200</b>	<b>-</b>

**20. Grants And Subsidies**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**21. General Expenses**

Description	FY 2025	FY 2023-
	KShs	2024 KShs
Advertising and publicity expenses	-	-
Catering expenses	15,000	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	7,551	6,034
General Office Supplies	149,300	5,500
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	101,500	602,615
Fuel and Lubricants	138,400	41,245
Insurance	-	-
Taxes	-	-
Travel and accommodation allowance	61,000	45,000
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Publishing and printing services	95,000	-
Hire charges-Tents and Chairs	-	-
Rent expenses	-	-
Water and sewerage costs	-	-
Food and Rations	251,550	-
Telephone and mobile phone services	69,800	-
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical,magazines, and gazette notices	16,600	-
Library books/Materials	-	-
Household and Institutional appliances/Lighting equipments	58,000	7,000
Daily Subsistence Allowance for Referral	104,000	-
Office Equipment	43,000	-
<b>Total General Expenses</b>	<b>1,110,701</b>	<b>707,394</b>

**22. Finance Costs**

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

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

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

**24. Unrealized Gain On Fair Value Investments**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	-	-

**Notes to the Financial Statements (Continued)**

**25. Medical Services Contracts Gains /Losses**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	-	-

**26. Impairment Loss**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
<b>Total impairment loss</b>	-	-

**27. Cash And Cash Equivalents**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts		
On - call deposits	-	
Fixed deposits accounts	-	
Cash in hand	-	
Others( <i>specify</i> )- Mobile money	-	
<b>Total cash and cash equivalents</b>	-	-

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	
<b>a)Current account</b>			
Kenya Commercial bank	1107315263	120,421	307,308
Equity Bank, etc		-	-
<b>Sub- total</b>		<b>120,421</b>	<b>307,308</b>
<b>b)On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c)Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d)Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>120,421</b>	<b>307,308</b>

28. Prepayments

Description	2024-2025	I2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	659,800	659,800
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>659,800</b>	<b>659,800</b>

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total		
Less than 1 year	659,800	%	659,800.00	
Between 1- 2 years	-	%		-
Between 2-3 years	-	%		-
Over 3 years	-	%		-
<b>Total (a+b)</b>	<b>659,800</b>	<b>100%</b>	<b>659,800.00</b>	<b>-</b>

30. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Analysis of Receivables From Non-Exchange Transactions**

Description	FY 2024-2025		FY 2023-2024	
	Kshs			
	Current FY	% of the total		
Less than 1 year	-	%		
Between 1- 2 years	-	%		
Between 2-3 years	-	%		
Over 3 years	-	%		
<b>Total (a+b)</b>	-	%		

**31. Inventories**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	1,404,642	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>1,404,642</b>	<b>-</b>

**Detailed disclosure on inventories**

	2024-2025	2023/2024
Opening balance	-	-
Additional Inventory in the year	4,623,920	-
Inventory expensed in the year	3,219,278	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,404,642	-

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2023</b>	-	-	-	-	-	-	-	-
At 1 July 2023	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>								
At 1 July 2023	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

**Lokitaung Sub County Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

At 30 June 2024	-	-	-	-	-	-	-	-	-	-
At July 2024	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-	-	-
<b>Net book values</b>										
At 30 <sup>th</sup> Jun 2024	-	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

34. Investment Property

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

35. Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**Notes to the Financial Statements (Continued)**

**36. Trade and other Payables**

Description	FY 2024-2025		FY 2023-2024	
	KShs		Kshs	
Trade payables	-		-	
Employee dues-Casuals	1,930,000.00		1,930,000.00	
Third-party payments-Withholding VAT	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>1,930,000.00</b>		<b>1,930,000.00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>		
Under one year	1,930,000	%		
1-2 years	-	%		
2-3 years	-	%		
Over 3 years	-	%		
<b>Total</b>	<b>1,930,000</b>	<b>%</b>		

**37. Refundable Deposits from Customers/Patients**

Description	FY 2024-2025		FY 2023-2024	
	KShs		Kshs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>FY 2021-2022</b>	<b>% of the Total</b>		
Under one year	-	%		
1-2 years	-	%		
2-3 years	-	%		
Over 3 years	-	%		
<b>Total</b>	<b>-</b>	<b>%</b>		

**Notes to the Financial Statements (Continued)**

**38. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilized	-	-	-	-
Change due to discount & time value for money	-	-	-	-
<b>Total provisions</b>	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
<b>Total Provisions</b>	-	-	-	-

**39. Finance Lease Obligation**

Description	FY 2024-2025	FY 2022-2023
	<b>Kshs</b>	
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**40. Deferred Income**

Description	FY 2024-2025	FY 2023-2024
	KShs	Kshs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	FY 2024-2025	FY 2023-2024
	KShs	Kshs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

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

Description	FY 2024-2025	FY 2023-2024
	KShs	Kshs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

**Notes to the Financial Statements (Continued)**

**42. Service Concession Arrangements**

Description	FY 2024-2025	FY 2023-2024
	KShs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**43. Cash Generated from Operations**

Description	FY 2024-2025	FY 2023-2024
	KShs	Kshs
Surplus for the year before tax	1,217,755	(1,072,064)
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	(659,800)
Increase in deferred income	-	-
Increase in payables	-	1,930,000
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>1,217,755</b>	<b>198,136</b>

**Notes to the Financial Statements (Continued)**

**44. Financial Risk Management**

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

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

**(i) Credit risk**

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>120,421</b>	-	-	-
At 30 June 2025	120,421			
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	307,308	-	-	-
<b>Total</b>	<b>307,308</b>	-	-	-

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from 12 months. The board of management sets the hospital’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	-	-	1,930,000	1,930,000
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>			<b>1,930,000</b>	<b>1,930,000</b>
<b>At 30 June 2025</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,930,000</b>	<b>1,930,000</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The hospital 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 hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	1,930,000	-	1,930,000
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>1,930,000</b>	-	<b>1,930,000</b>

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

**Lokitaung Sub County Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**Notes to the Financial Statements (Continued)**

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2025</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	1,930,000	-	1,930,000
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>1,930,000</b>	-	<b>1,930,000</b>

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2023-2024</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024-2025</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs - (2023: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs. - (2024: KShs. -).

**iv) Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ ( <i>excess cash and cash equivalents</i> )	-	-
<b>Gearing</b>	-	-

**Notes to the Financial Statements (Continued)**

**45. Related Party Balances**

**Nature of related party relationships**

Lokitaung Level 4 and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to the County Government	-	-
Sales of services to the Board of Directors	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-

*Lokitaung Sub County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	2024-2025	2023-2024
	Kshs	Kshs
Compensation to key management	-	-
	-	-
<b>Total</b>	-	-

**46. Segment Information**

**47. Contingent Liabilities**

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

**48. Capital Commitments**

Capital Commitments	2024-2025	2023-2024
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

**51. Currency**

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

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Unsupported Cash and Cash Equivalents	The hospital did not have an accountant during the financial year to prepare cash book and monthly bank reconciliations. The county treasury has since posted an accounts clerk to the hospital to help in record keeping.	Resolved	
	Non-Disclosure of Property, Plant and Equipment	The Management has begun the process of developing an asset register. We expect to complete the process by January, 2025 thereafter budget for valuation in the next financial year 2025-2026	Partly resolved	
	Undisclosed Inventories	Financial statement amended and the inventory incorporated, with values not	Not resolved	

*Lokitaung Sub County Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		attached. The board of management is resource mobilizing for valuations,		
	Deficiencies In Implementation of Universal Health Coverage (UHC)	The hospital has progressively upgraded its equipment as it has transitioned to level 4 status. The county is also proactively partnering with the Department of Health to fill the current gaps in medical equipment in hospitals within the county. Recent redeployment by County government August 2025 boosted staffing levels as 3 nurses, 2 Farewell Home assistants, 1 community oral health officer, 1 registered clinical officer.	Not Resolved	
	Lack of Internal Audit Function	There is available internal audit in place comprising of the members of the board and another function comprised of the hospital management team. The directorate of internal audits and survey begun supporting the auditing of the hospital and the management has requested quarterly internal auditing.	Partly resolved	

*Lokitaung Sub County Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Lack of an approved budget	The management complied and provided an approved budget for the financial year ending June 2024	Resolved	
	Inadequate Board Meetings	The hospital is complying with Mwongozo guidelines going forward. during the financial year we had two(2) board meetings on site despite difficulties having all the members in Lokitaung. Other meetings were done on zoom. Recommended that members of the board should comprise of persons living in the locality to ease facilitation of meetings considering the entities financial constraints.	Resolved	



.....  
Accounting Officer

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

**Appendix III: Inter-Entity Confirmation Letter**



**Lokitaung Sub County Hospital  
P.O. Box 3- 30504  
Lokitaung Lowarengak road  
Lokitaung, KENYA**

The Lokitaung Sub County Hospital wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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.

<b>Confirmation of amounts received by Lokitaung Sub County Hospital as at 30<sup>th</sup> June 2025</b>							
Reference Number	Date Disbursed	Amounts Disbursed by TCG Exchequer (KShs) as at 30th June 2025				Amount Received by Lokitaung Sub County Hospital (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial(C)	Total (D)=(A+B+C)		
<b>Total</b>							

**Lokitaung Subcounty Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025.**

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

**Head of Accounts Department of the beneficiary entity:**

Name MERIMUG L. DAGOU Sign  Date 24/11/25

**Appendix IV Reporting of Climate Relevant Expenditures**

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

There was no climate related expenditure in the period.

*Lokitaung SubcountyHospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025.*

**Appendix V: Disaster Expenditure Reporting Template**

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

There was no disaster related expenditure in the period.