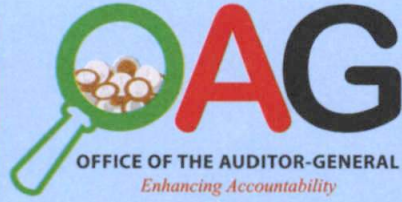
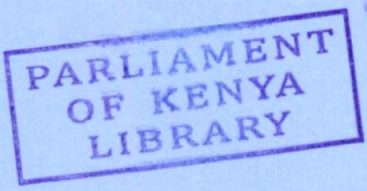


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

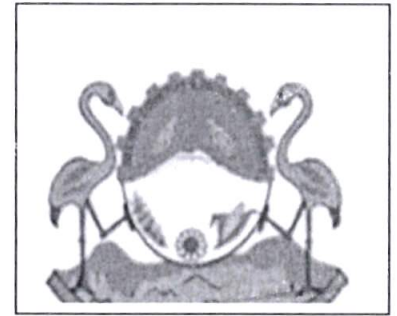
MOLO LEVEL 4 SUB - COUNTY HOSPITAL

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

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	<i>24/02/2026</i>
TABLED BY	<i>W. E. G. W. E.</i>
COMMITTEE	
WORK AT THE TABLE	<i>CHEPOP</i>

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MOLO SUB COUNTY LEVEL 4 HOSPITAL (NAKURU COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

ARV	Antiretroviral
ANC	Anti natal clinic
CECM	County Executive Committee Member
CME	Continuous Medical Education
CSR	Corporate Social Responsibility
CEPI	Coalition for epidemic preparedness innovations
CHP's	Community health Promoters
CCC	Comprehensive Care Clinic,
EMR	Electronic Medical Records
ENT	Ear Nose and Throat
FP	Family planning
FIF	Facility Improvement Financing act
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMC	Hospital Management Board
HMT	Hospital Management Team
HDU	High Dependency Unit
HIV	Human Immunodeficiency Virus
KMTC	Kenya Medical Training College
KEMSA	Kenya Medical Supplies Authority
MCH	Maternal and Child Clinic
OSHA	Occupational Safety & Health Act
PNC	Postnatal Care
PFMA	Public Financial Management Act
SHA	Social Health Authority
SOP	Standard Operating Procedure
TB	Tuberculosis
UTJ	USAID Tujenge Jami
UHC	Universal Health Coverage

2. Key Entity Information and Management

(a) Background information

Molo Sub County Hospital is a level 4 hospital established under gazette notice Vol. LXXV -No. 10 dated 2nd March 1973 and is domiciled in Nakuru County. The hospital is governed by a Board of Management.

Molo Sub County Hospital was built around October 1946 by the British Colonist as an outstation to serve the local community and its environments. In 1952 it was elevated to a cottage hospital under Doctor A.H. Macleod who was the first District Surgeon.

In 1955, the then Nakuru County Council started to run it until independence when the hospital was upgraded to a Health Centre. In 1978, the facility was upgraded to a Sub District Hospital and then to a full District Hospital in 2008. After the promulgation of the current constitution, Health Services were devolved, thus the hospital was taken up by the County Government of Nakuru and has recently been gazetted as Molo Sub County Hospital.

The hospital stands on an approximately ten (10) acres of land. Two (2) acres of land was donated to Kenya Medical Training College for the construction of their college. Part of the hospital land is encroached on by an intruder. The case vide file documents, has been on and off but currently the matter was forwarded to Nakuru County Government through Health Department.

The hospital serves a catchment population of 60115 which covers a total of 59km². The facility serves as a regional referral hospital for the smaller facilities around and neighbouring Sub County Hospitals.

(b) Principal Activities

The principal activity/ mission/ mandate of the hospital is to provide quality preventive, curative and referral health care services. We offer inpatient/outpatient health services, MCH, maternity services and primary health care under SHA. Other services include: dental, eye, physiotherapy, ortho trauma, paediatric, ENT, comprehensive care centre (CCC), counselling and nutritional services

(c) Key Management

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

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

(d) Fiduciary Management

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

SN	Designation	Name
1.	Medical Superintendent	Dr. Susan Miako
2.	Deputy Medical superintendent	Dr. Ephraim Taraiya
3.	Head of finance	Ms Mercy Wanza
4.	Head of supply chain	Mr. Felix Chebii
5.	Hospital Administrator	Mr. Julius Ngeno
6.	Nursing Officer in Charge	Mr. Dickson Aruasa

(e) Fiduciary Oversight Arrangements

- Public Accounts Committee – At County assembly
Their role is to do oversight of the county revenue.
- Internal Audit
Their internal audit function plays a crucial role in public sector governance by providing independent assurance, risk management, and effective governance practices.
- Public Accounts Committee - At the senate
Their role is to audit the revenue and expenditure of the government.

(f) Entity Headquarters

P.O. Box 156-20100
Molo law courts road
NAKURU, KENYA

(g) Entity Contacts

Telephone: (+254) 0701008540
E-mail: dmsomolo@gmail.com
Website: www.nakuru.go.ke

(h) Entity Bankers

National Bank
Head Office, National Bank Building
Harambee Avenue
P.O BOX 72866-00200
Nairobi, Kenya

(i) Independent Auditors

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

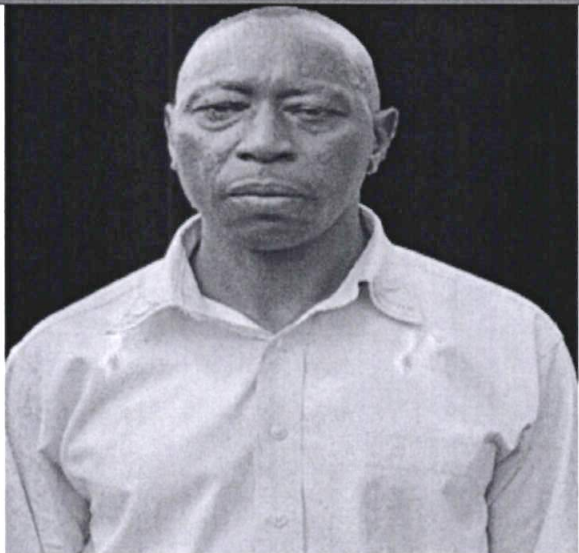

(j) Principal Legal Adviser



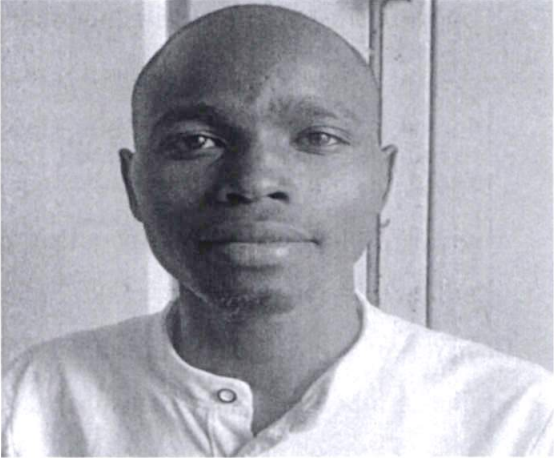
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya


(k) County Attorney

County Attorney
The County Attorney
New County Hall Building
Moi Road
P.O. Box 2870-20100
Nakuru, Kenya


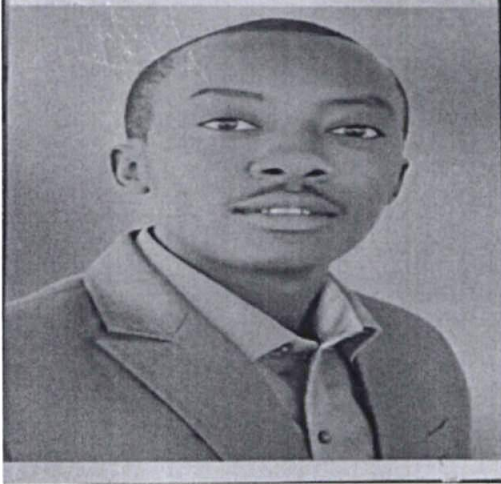
3. The Board of Management

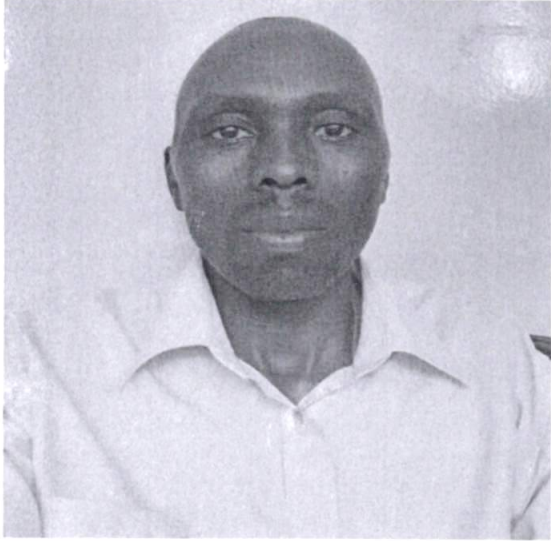

No	Directors	Details
1.	 <p data-bbox="284 965 639 1003">Mr. Joseph Ngugi Muigai</p>	<p>Mr. Ngugi Muigai is the chairman of the board , He is 50 years old and holds a Degree in leadership and management from St Paul’s university (2016) and a training in conflict management from center for conflict research (2003). He was a former member of county assembly of Molo ward Nakuru county from 2013-2027, served as a civic educator with the constitution of Kenya review commission (2010), in 2008 he served as research assistant with Kenya forestry research institute. He chairs the hospital board meetings.</p>
2.	 <p data-bbox="284 1715 708 1753">Ms. Jacinta Wambui Thiong’o</p>	<p>Ms. Jacinta Wambui Thiong’o is the vice chair person of the board. She holds a Kenya certificate of secondary education certificate and engages in farming activities. She is the women groups representative in the board.</p>

<p>3.</p>	 <p>Ms Hellen Wangui Mureithi</p>	<p>Ms Hellen Wangui Mureithi is a board member and also the chairperson of the infrastructure subcommittee. She is 33 years old and holds a degree in business administration from Kenya Methodist (2014). She works in ICT department at the judiciary in Molo and represents the youth in the board.</p>
<p>4.</p>	 <p>Rev. Jackson Angunza</p>	<p>Rev. Jackson Angunza is a member of the board and also the service delivery sub committee chairperson. He is 65 years and has done guidance and counselling. He represents faith based organizations in the board,</p>
<p>5.</p>		<p>Mr. Walter Nyamweya Mokaya is a board member and also the finance sub-committee chairperson. He is 28 years old and holds a Diploma in social work and community development from Molo technical and vocational college (March 2024) He served as an accounts clerk at Elburgon Presbyterian Church of East Africa secondary school and a data collection officer under the national</p>

	Mr. Walter Nyamweya Mokaya	council of persons living with disability in molo sub county. He represents the persons living with disability in the board.
6.	 Dr Susan Wanjilku Miako	Dr Susan Wanjilku Miako is the secretary of the board and the medical superintendent (Not a member of ICS). She is 39 years old. She holds a Bachelor of Medicine and Bachelor of Surgery from Moi university (2009) and a masters in family medicine from university of Havana (2021) has worked as a sub county medical officer for 6 years.

4. Key Management Team

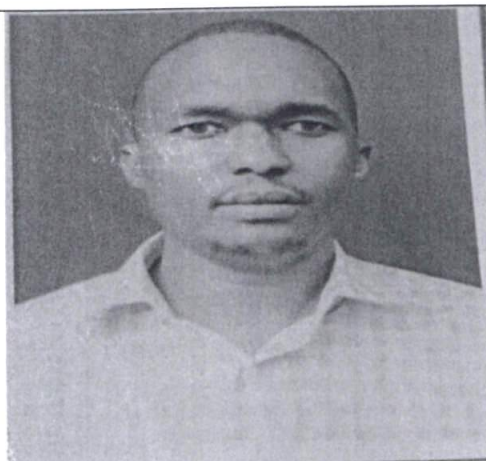
Ref	Management	Details
1.	 <p>Dr Susan Wanjiku Miako is the secretary of the board and the medical superintendent. She holds a Bachelor of Medicine and Bachelor of Surgery from Moi university (2009) and a masters in family medicine from university of Havana (2021) .</p>	<p>Medical Superintendent</p>
2.	 <p>Dr. Ephraim Taraiya is the deputy medical Superintendent He holds a Bachelor of Medicine and Bachelor of Surgery (2011) and masters in obstetrician gynaecologist from University of Nairobi (2021)</p>	<p>Deputy Medical Superintendent</p>

<p>3.</p>	 <p>Mr. Julius Ngeno is the hospital health administrator. Holds a diploma in human resource management (2014).</p>	<p>Hospital Administrator</p>
<p>4.</p>	 <p>Mr. Dickson Aruasa is the Nursing Officer in charge. Has a bachelor's degree in nursing, and training in critical care and global leadership in nursing and midwifery (2018) from Kenya Methodist university</p>	<p>Nursing C</p>



Hospital Accountant

Ms. Mercy Wanza is the hospital accountant. Attained Bachelor of commerce (finance option) from Jomo kenyatta University of agriculture and technology. She is also a Certified Public Accountant.



Procurement Officer

Mr. Felix Chebii is in charge of the procurement department. Has a Bachelor of purchasing and supplies management from Mt Kenya university.

5. Chairman's Statement

It is my pleasure to present the Hospital's Annual Report and Financial Statements for 2024/2025. The Hospital Board of Management is proud of the accomplishments achieved, which have contributed to making Molo Sub-County Hospital a leading facility in Nakuru County.

Molo Sub-County Hospital, a government-owned facility established in the 1950s as a dispensary, is situated in Molo Town, traversing the wellbeing the only sub county hospital in the sub county and serves as a referral site for Elburgon and Olenguruone sub county Hospitals. It was gazette as a sub county hospital in the year 2021.

The facility spans approximately 10 acres, with about a quarter of this land developed and also part of this land was hived off to house the Molo KMTC. Part of this land has been encroached on the northern side. The hospital has a bed capacity of 83, distributed across Children, Male, Female, and Maternity Units. Additionally, the hospital features an operating theatre for major surgeries, including Caesarean section and minor theatre services. On average, the hospital sees 80 inpatients and 200 outpatients daily average delivery per month is 200 with only 16.5% delivery through caesarean section.

The hospital primarily serves the general public, including pupils and both teaching and non-teaching from nearby schools. The services provided include Maternal Child Health, Family Planning (ultrasound and X-ray), Curative services (outpatient and inpatient), Rehabilitative services, Maternity services, Laboratory services, and Mortuary services.

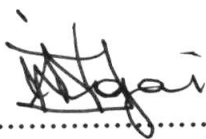
The catchment area includes both rural and semi-urban populations, with rural and neighbouring public (Level 1-3 and neighbouring sub county hospitals) and user fees are the primary sources of funding.

Despite the widespread staff shortages across various departments, the dedication of our limited staff, who strives to provide the best service despite the challenges, they also present opportunities for improving the quality of care.

On behalf of the Board, I would like to express our gratitude to all our stakeholders, especially the County Government of Nakuru and various partners, for their unwavering support. We look forward to the completion of the Outpatient Complex, which began in 2020, as it will significantly enhance the hospital's facilities and alleviate congestion in the current outpatient department. The work is currently on going and is commendable.

I am extremely proud of the hospitals for becoming the third facility in improvement in revenue collection (Molokoro Hospital, Nakuru county (department of health sector) in the last financial year. This is a significant accomplishment and truly deserves a pat on the back. I also want to extend my appreciation to the Molo County staff, team leaders, and the Board for their dedication and commitment, which reflects the mission and vision of Nakuru County.

Looking ahead, we are excited about future developments, including utilizing unused land and expanding the scope of our services to include renal and HDU services. There are also plans to improve the mortuary by modernizing and equipping it. These initiatives will further enhance our hospital's capabilities and align us with other high-performing facilities.



.....
Signature: Joseph Ngugi Muigai
Chairman to the Board

6. Report of The Medical Superintendent

It gives me great pleasure to present the Medical Superintendent's report for Molo sub county Hospital for the year 2024/2025. The year was marked by notable progress in healthcare delivery despite financial and operational constraints. As a Hospital, we remained committed to providing quality, accessible, and equitable care to our clients.

Operational performance

Molo sub county hospital offers a range of services including preventive, curative for both inpatient and outpatients. The hospital attended to 60,956 outpatients and 6,300 inpatients, with over 2,400 safe deliveries conducted. The hospital achieved routine immunization coverage of 68%, contributing to improved child survival rates.

Operational Highlights

Staff capacity was enhanced through in-service training on emergency obstetric care, mental health, and management of sexual and gender based violence survivors through training organized by one of our partners Physicians for Human Rights. We also integrated services at the outpatient diseases, doing away with the CCC management of HIV/TB clients which was traditionally a standalone department, but now these services are now fully integrated with those of other clients seeking services at the outpatient department. As a hospital we also collaborated with some partners to improve service delivery. An example is the MPESA Safaricom Foundation which gave the hospital a grant of 29,999,600 million towards the improvement of maternal and child health services. Through this grant, they supplied equipment that are in use and have improved services in the maternity and child health units.

Crown paints also helped us through their CSR to repaint various departments in the hospitals like the wards, mortuary, outpatient block and the perimeter wall on the hospitals entrance. We look forward to engaging more partners in the next financial year.

Challenges Faced

Infrastructure gaps remain a key limitation. The mortuary is in dire need of refurbishment, as well as completion of the stalled outpatient block which when completed will enhance services in the maternity and outpatient departments.

The hospital continues to face shortages in critical cadres, especially nurses, clinical officers, and laboratory technologists which has affected service delivery.

Delays in procurement and stock-outs of key medical supplies impeded consistent service provision. There were occasional power and water supply interruptions affected operations, especially theatre and maternity.

Financial Overview

The hospital operated within a constrained fiscal environment. Funding sources included SHA reimbursements and user fees and out-of-pocket payments by clients. While overall expenditure remained within allocation, there were significant funding gaps, especially in the areas of:

- *Maintenance of critical medical equipment*
- *Procurement of pharmaceuticals and non-pharmaceuticals*
- *Carrying out of critical renovations within the hospital*
- *Procurements of laboratory equipment and reagents*

We continue to advocate for increased and timely disbursement of funds by the Social Health authority to complete pending infrastructural improvements and acquire much-needed medical equipment.

Way Forward

- *Advocate for mortuary renovation and equipping with modern storage systems*
- *Strengthen resource mobilization, including partner engagement*
- *Improve internal efficiency through expanded digitization and data use*
- *Invest in preventive and promotive health strategies targeting the community level as well as strengthening partnerships with the community.*

.....
(Signature)

Name; Dr Susan Wanjiku Miako

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Molo Sub County Hospital had five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: Provide essential medical services
- Pillar/theme/issue 2: Minimize exposure to health risk factors
- Pillar/theme/issue 3: Leadership and governance
- Pillar/theme/issue 4: health care financing
- Pillar/theme/issue 5: Reduce the burden of violence & injuries

Molo Sub County Hospital develops its annual work plans based on the above five pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *hospital* achieved its performance targets set for the FY 2024/2025 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Provide essential medical services	-Promote health education and nutrition counseling -Establish youth friendly services -Encourage mothers to start ANC before 12 weeks gestation	-CHP’S to enhance health education to the community -Teenage pregnancies -Mitigate against new born birth complications	- Conduct community outreaches -Engage and train the youth on teenage pregnancies -Train the technical staff on new born care	- several outreaches done - Maternal Health education done - several CME’s done to the staffs
Pillar/ theme/ issue 2: Minimize exposure to	-Create a room for youth friendly center	-Lack knowledge on FP and poor PNC	- Health education	-community outreaches

health risk factors	and form support groups. -Sensitize the community on the rights of the adolescents - Health education and counselling in schools, homes and churches.	attendance -Misleading, myths, believes, and misconceptions	of the community on PNC and FP and proper use of contraceptives	done
Pillar/ theme/ issue 3: Leadership and governance	Enhance leadership and governance capacity	-Constitute service delivery committees -Hold quarterly management meetings -Management of human resource	-Service delivery committee minutes. -Quarterly HMT and board meeting minutes. - Monthly staff returns to county.	- Effective service delivery. - Good governance of the facility. -Human resource reports.
Pillar/ theme/ issue 4: health care financing	-To increase revenue generation -Empower staffs on prudent financial management	- Use of electronic system to collect revenue -Strengthen use financial and procurement policies	-Expand service menu -Regular staff training and capacity building Support supervision	-Increased revenue generation -Available procurement and financial management SOPs and

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

			and audit reports	guidelines. -Sealed revenue leakages.
Pillar/ theme/ issue 5: Reduce the burden of violence & injuries	<ul style="list-style-type: none"> - Revive emergency & disaster preparedness Team -Hire additional ambulance personnel (Paramedic) -Enhance inter-sectorial collaboration/ communication to ensure rapid response to accidents /disasters. 	<ul style="list-style-type: none"> -Inadequate emergency preparedness. -Insufficient referral personnel in place. -poor collaboration with other agencies e.g. police & Red cross. -Community interference in service delivery in cases of accidents / disasters. 	<ul style="list-style-type: none"> - Revive emergency & disaster preparedness Team -Hire additional ambulance personnel (Paramedic) -Regular servicing & repair of the ambulance. - Timely notification to and from the referring facility. 	<ul style="list-style-type: none"> -Ambulance regularly serviced, in good condition -Staff training done on emergency preparedness

8. Corporate Governance Statement

The hospital is headed by the Medical Superintendent who is the Secretary to the board management. The Medical Superintendent normally oversees the daily operation of the hospital for all departments. He also sets the strategic plan and annual work plan to be cascaded to all departments while developing their respective performance appraisal. For the year that has ended, the facility held 5 head of departments meetings that normally form basis for the board meetings. Also, we held four quarterly board meetings with an overall attendance of 99%.

The roles and responsibilities of the board include:

- i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives.
- ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- iii) Providing oversight in financial reporting and communication to stakeholders.
- iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- vii) Overseeing hospital affairs in light of emerging risks and opportunities.
- ix) Approving annual and quarterly budgets.

HMC Members

The current members were appointed in November 24th, 2023 by the County Executive Committee Member for Health vide Gazette Notice Vol.CXXV-No.249

Gazetted members ;

NO.	NAME	DESIGNATION	TITLE
1	Mr. Ngugi Muigai		CHAIRMAN
2	Mrs. Jacinta W. Thiongo		VICE CHAIR
3	Dr. Susan W. Miako	Medical Superintendent	SECRETARY
4	M/s Hellen W. Mureithi		MEMBER
5	Mr. Walter N, Mokaya		MEMBER
6	Mr. Stephen Belio		MEMBER

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	Rev. Jackson Angunza		MEMBER
	Mr. David Kinaiya	Sub county administrator	MEMBER
	Hon. Ngware Nganga	Area MCA	MEMBER
CO-OPTED MEMBERS			
	Julius Ngeno	Health administrator	
	Mercy W. Mukwayu	Hospital accountant	

Ethics and Conduct:

- The board upholds high ethical standards and a code of conduct that guides the behaviour of its members.

9. Management Discussion and Analysis

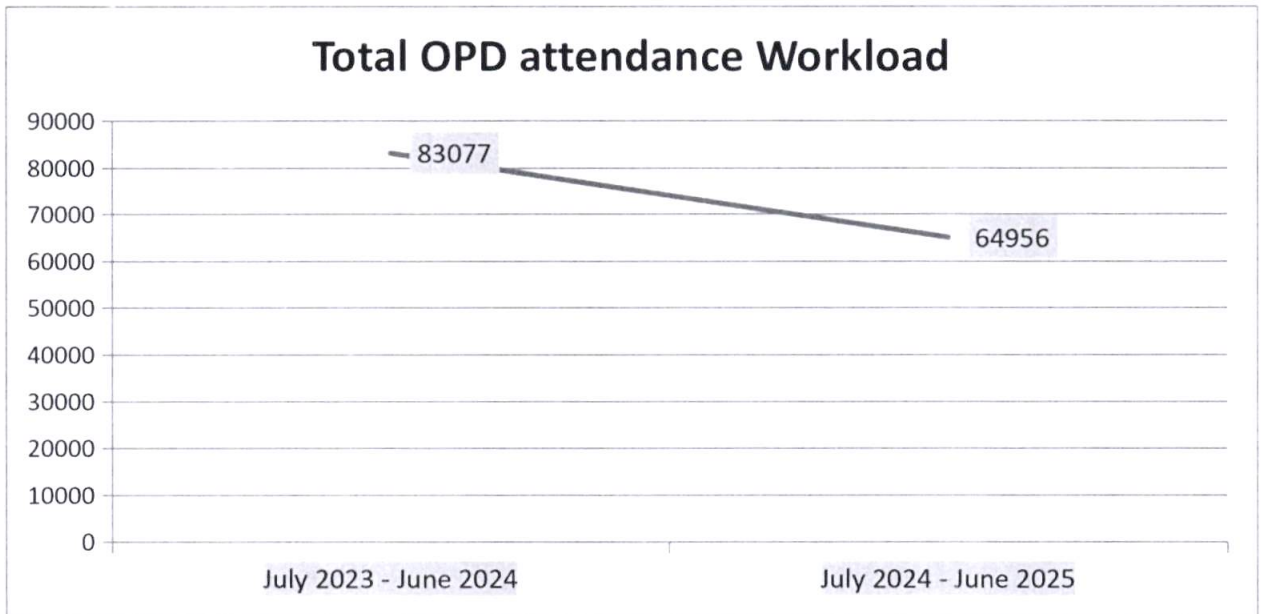
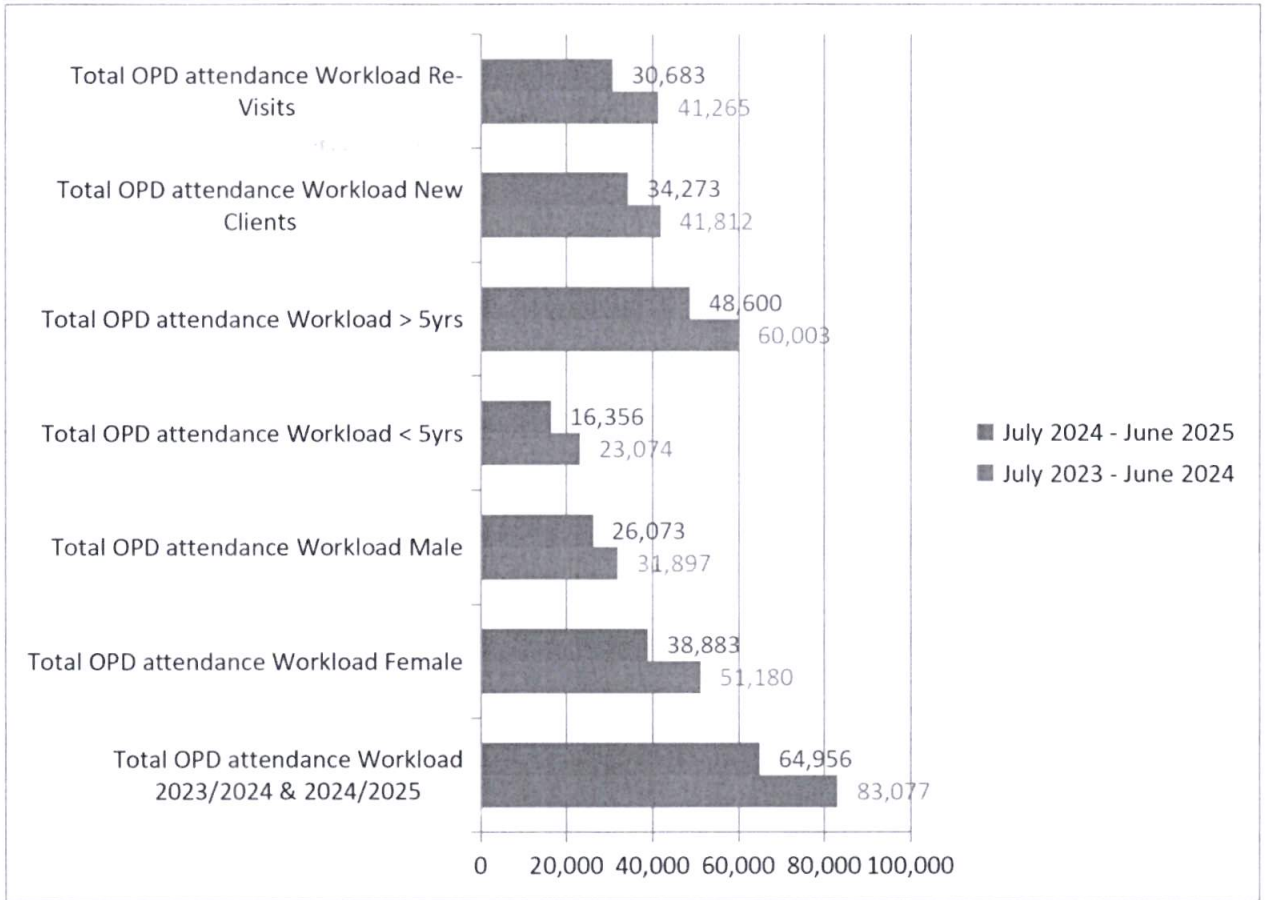
Section A

The entity's operational and financial performance

General outpatient (Filter Clinic) Attendance

Molo Sub County Hospital General outpatient (Filter Clinic) Attendance

	<i>July 2023 - June 2024</i>	<i>July 2024 - June 2025</i>
<i><5yrs Female New clients</i>	<i>4,930</i>	<i>3,033</i>
<i><5yrs Female Re-visits</i>	<i>7,184</i>	<i>4,784</i>
<i><5yrs Male New clients</i>	<i>4,470</i>	<i>3,199</i>
<i><5yrs Male Re-visits</i>	<i>6,490</i>	<i>5,340</i>
<i>>5yrs Female New clients</i>	<i>20,299</i>	<i>17,368</i>
<i>>5yrs Female Re-visits</i>	<i>18,767</i>	<i>13,698</i>
<i>>5yrs Male New clients</i>	<i>12,113</i>	<i>10,673</i>
<i>>5yrs Male Re-visits</i>	<i>8,824</i>	<i>6,861</i>
	<i>July 2023 - June 2024</i>	<i>July 2024 - June 2025</i>
Total OPD attendance Workload 2023/2024 & 2024/2025	83,077	64,956
Total OPD attendance Workload Female	51,180	38,883
Total OPD attendance Workload Male	31,897	26,073
Total OPD attendance Workload < 5yrs	23,074	16,356
Total OPD attendance Workload > 5yrs	60,003	48,600
Total OPD attendance Workload New Clients	41,812	34,273
Total OPD attendance Workload Re- Visits	41,265	30,683



MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Hospital Administrative Statistics

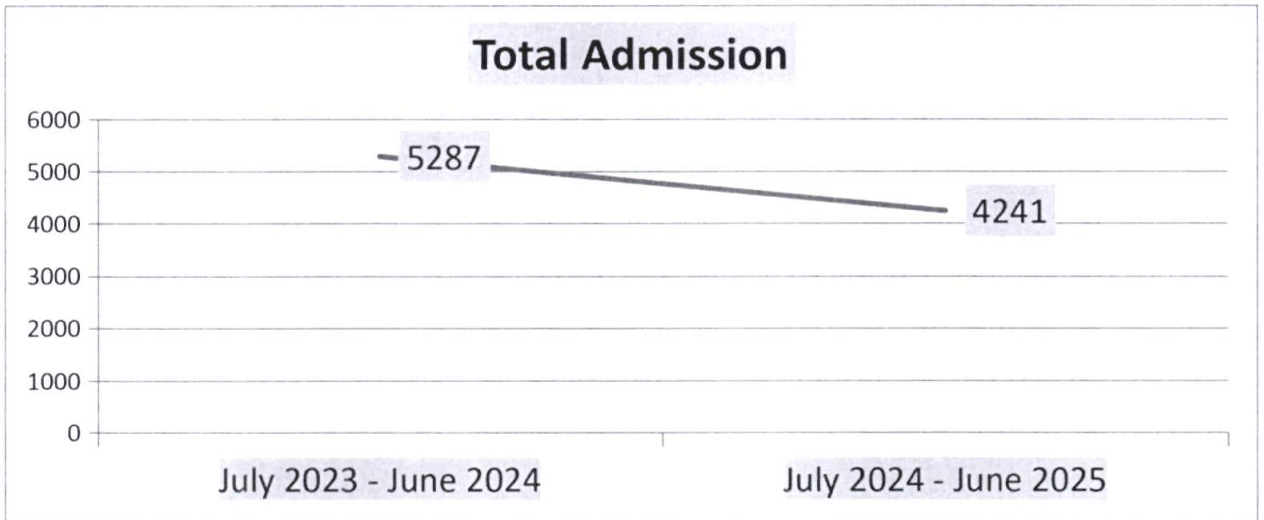
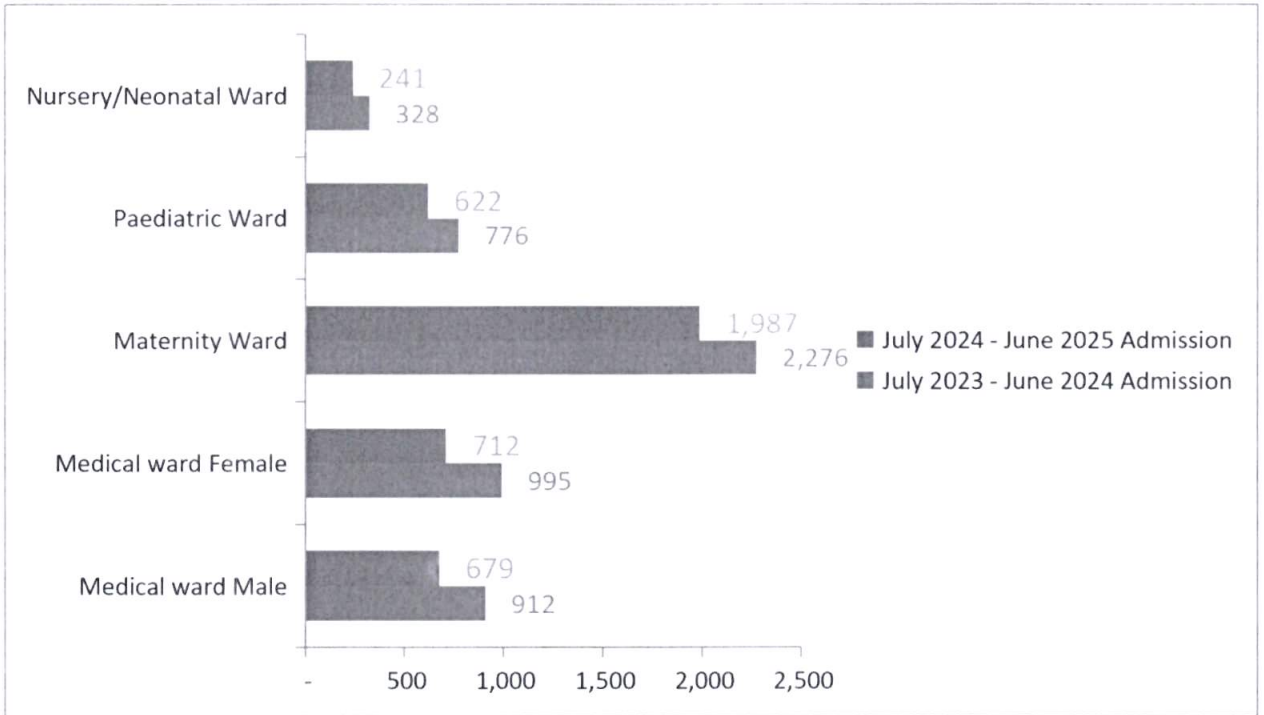
July 2023 - June 2024

	Beds	Cots	Admission	Discharges	Transfer Out	No.Deaths
Medical ward Male	26		912	731	43	58
Medical ward Female	16		995	877	32	46
Maternity Ward	23		2,276	2,081	31	2
Paediatric Ward	8		776	724	17	27
Nursery/Neonatal Ward		3	328	338	19	20
Total	73	3	5,287	4,751	142	153

July 2024 - June 2025

	Beds	Cots	Admission	Discharges	Transfer Out	No.Deaths
Medical ward Male	26		679	571	56	48
Medical ward Female	16		712	582	38	46
Maternity Ward	23		1,987	1,696	14	2
Paediatric Ward	8		622	502	15	43
Nursery/Neonatal Ward		3	241	197	4	36
Total	73	3	4,241	3,548	127	175

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Top 15 Outpatient Under 5 yrs Morbidity		Cases	July 2024 - June 2025	Top 15 Outpatient Above 5yrs Morbidity	Cases
1	Pneumonia	636	1	Upper Respiratory Tract Infections	3124
2	Diarrhoea with no dehydration	436	2	Hypertension	1501
3	Other injuries	157	3	Other injuries	1145
4	Eye Infections	89	4	Pneumonia	1110
5	Urinary Tract Infections	65	5	Urinary Tract Infections	792
6	Tonsilitis	61	6	Diabetes	555
7	Asthma	40	7	Arthritis, Joint pains etc.	397
8	Diarrhoea with some dehydration	36	8	Violence related injuries	392
9	Burns	31	9	Diarrhoea	383
10	Ear infection	17	10	Asthma	319
11	Diarrhoea with severe dehydration	13	11	Eye Infections/Conditions	158
12	Dental Disorders	13	12	Abortion	134
13	Anaemia	7	13	Brucellosis	101
14	Typhoid fever	7	14	Dis. of Puerperium & Childbirth	89

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Top 15 Outpatient Under 5 yrs Morbidity	Cases	July 2023 - June 2024	Top 15 Outpatient Above 5yrs Morbidity	Cases
1	Upper Respiratory Tract Infections	6362	1	Upper Respiratory Tract Infections	4644
2	Pneumonia	1168	2	Hypertension	2680
3	Diarrhoea with no dehydration	825	3	Other injuries	2046
4	Lower Respiratory Tract Infections	318	4	Pneumonia	1760
5	Other injuries	284	5	Urinary Tract Infections	1614
6	Eye Infections	215	6	Diabetes	1136
7	Burns	111	7	Diarrhoea	707
8	Urinary Tract Infections	108	8	Anthrits, Joint pains etc.	617
9	Mumps	82	9	Violence related injuries	605
10	Diarrhoea with some dehydration	47	10	Asthma	487
11	Ear infection	38	11	Eye Infections/Conditions	304
12	Asthma	36	12	Abortion	198
13	Dental Disorders	17	13	Brucellosis	157
14	Anaemia	15	14	Dis. of Puerperium & Childbirth	134
15	Diarrhoea with severe dehydration	10	15	Chicken Pox	107

Financial Performance:

	FY 2024/2025	FY 2023/2024
	July-June	July-June
Financial Indicator	(Kshs.)	(Kshs.)
Cash	44,978,908	38,474,924
SHA	39,597,829	34,685,027
Total Revenue	84,576,738	73,159,951
Total Expenses	80,969,902	63,650,732

Relatively to the previous year, there was an increase in revenue by about 15.61%

Section B

Entity's compliance with statutory requirements

- The hospital is in compliance with regulatory and statutory requirements, including licensing, safety, and healthcare standards.

Section C

Key projects and investment decisions the entity is planning/implementing.

The Major outpatient construction work is still on-going which is almost done with estimated 97% completion.

Section D

Major risks facing the entity.

1. **Economic Uncertainty:** Fluctuations in the revenues and delays by the Social Health Authority (SHA) to reimburse the claims leads to financial instability.
2. **Staffing Challenges:** There is a challenge of shortages of staff. The few committed staff are strained to provide quality service.
3. **Debt:** The hospital is experiencing a huge debt burden which is mostly due to the inflation rate and the hospital needs / expenditure viservee the revenue collection,

Section E

Material arrears in statutory/financial obligations

Trade Payable as at 30th June 2025 is Ksh 56,761,690.

Section F

The entity's financial probity and serious governance issues

- The hospital is in compliance with regulatory and statutory requirements, including licensing, safety, and healthcare standards. It is transparent, fair and open in all financial matters.

.....

Name: Dr. Susan W. Miako

Secretary to the Board

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The principal activity/mission/ mandate of the hospital is to provide quality preventive, curative and referral care services. At the hospital level, we have the FIF which is run through hospital executive expenditure committee that refines budgets, expenditure plans strategic and annual work plans. The hospital management committees that comprise of heads of department is responsible for establishing departments need and forward to the executive expenditure committee, day to day running of the departments.

In order to ensure the hospital remains relevant and grows, the medical superintendent plays a critical role of providing a framework of team work and multidisciplinary approach. He/she should ensure the hospital has acceptable culture by incorporating human resource from different culture orientation and with various knowledge and skills.

Time management is of essence and the institution has strived to make it a routine that patients are managed seamlessly across all departments.

To improve the revenue collection, the hospital moved from cash collection to an electronic system whereby the amount paid in is directly reflected on the bank statement. Pay bill machine was bought and installed to print out receipts for patients and at the same time can produce statement print out for reference purposes.

ii) Environmental performance

There is a clear policy on waste management, however an incinerator is most recommended for segregation of the hospital waste since the existing burning chamber is not functioning. Hospital kitchen was renovated and is well ventilated. The construction of the hospital mortuary was of great help to the society however it also needs some improvements.

iii) Employee welfare

The hiring process is under the county public service board. The hospital has staff trainings, mentorship and career welfares to enhance staff skills. The staffs are well equipped with the necessary tools that enable them to do their work of saving life

Monthly staff return plays a critical role in establishing the distribution of staffs within the hospital. Different categories of staffs exist in the facility such as permanent and pensionable, county contracted, UHC contracted, partner contracted (UTJ) and hospital contracted.

The contract usually runs for a period of three renewable months for hospital contracts while for county contracted runs for a maximum of three years.

The Staff are largely classified as Technical, and non-Technical working in different departments. The non- technical staffs mainly report to the office of the hospital administrator who is their immediate supervisor. Their induction, welfare, disciplinary, target process are normally handled by the administrator.

All staffs are entitled to days off and leave as stipulated in their respective engagement framework.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The hospital makes sure they provide quality service and that the necessary drugs are stocked. We operate in an environment whereby we are guided by the Constitution of Kenya 2010 that calls for adhering to leadership and integrity as enshrined in Chapter Six. Also, our staffs are affiliated to various professional bodies like Nursing Council, Kenya Medical and Dentist Board, Pharmacy and Poisons Board among others that regulate these professions by ensuring they align to the code conducts and ethics in their duty. Moreover, there are other manuals and Acts which are in existence that are all aimed at ensuring that service delivery is fair, transparent and non-discriminatory. They include Human Resource Manual, 2016 and policies, Employment Act, 2007 and Public Finance Management Act, 2012 among others.

The hospital is strategically located within the reach of many. In this regard, clients can access the services easily. Also, the staffs are skilled enough and need to attend continuous medical education (CME) every week within the hospital and the trainings in order to sharpen their skills. With a well-motivated and trained team, the community normally seek their services from the facility.

b) Responsible Supply chain and supplier relations

Procurement of goods and services within the hospital is governed by the Public Procurement and Asset Disposal Act, 2015 and the revised edition, 2022. We get our supplies from various sources with the department of health supporting to some extent in the supply of pharmaceuticals, non-pharmaceuticals and laboratory reagents.

KEMSA supplies donor funded program commodities like ARVS, anti TBs, Malaria, Reproductive health and Nutrition supplements.

The hospital also procures from the prequalified suppliers as guided by the procurement department. Before any procurement is commenced, a requisition must first be raised by the user department, it's then sent to the procurement, then to the accounts and finally to medical superintendent who can either approve it or reject it giving reasons

c) Responsible marketing and advertisement or Responsible engagement with citizens

By nature of the services we offer, marketing and advertisement is prohibited. However, we inform the community about our services through displaying an updated service charter, notice board and through public participation/Barazas.

In the event the hospital introduces a new service, we send the notices to various religious organisations, schools and sub county administration for announcement

d) Product stewardship or Awareness Creation

The products that are directly consumed by the patients in their course of service delivery are usually safe, quality assured and registered for that particular use. This is verified during procurement process by scrutinising suppliers to ensure they meet all laid down requirements. Items donated by well-wishers and partners always undergo thorough inspection and are only allowed in if the hospital is in need of them.

Parameters which are checked include date of manufacture, name of the manufacturer, language on the label/inserts and storage condition. Items that are almost expiring, with foreign instructions and language are usually rejected.

Routine stock taking to ascertain expiry dates among other indicators happens every month whereby stocks that face short expiry or are overstocked get redistributed to other health facilities in exchange with long expiry one.

v) Corporate Social Responsibility / Community Engagements

Preventive health care being one of the three approaches to the facility health delivery focus, the hospital engages the community through community health promoters CHPs. During such meetings and engagements, the community is educated in respect to general cleanliness, water, sewerage commonly known as wash- water and sanitation hygiene.

Our recruitment for hospital contracted staffs mainly prioritizes on the community applicants. This is basically aimed at ensuring that the hospital gives job opportunities to the community.

The hospital has contracted local suppliers for perishable food including milk and vegetables. This contributes to the hospital having a good relationship with the community, because they support us as we support them.

11. Report of The Board of Management

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

Principal activities

The principal activities of Molo Sub-County Hospital is to continue providing quality and affordable preventive, promotive, rehabilitative and curative health services to Molo sub county community and its environs

Results

The results of the entity for the year ended June 30 2025 are set out on page 1 to 72

Board of Management

The members of the Board who served during the year are shown on page vii to ix . During the year, no director(s) who retired/ resigned, and no director (s) was appointed.

Auditors

The Auditor General is responsible for the statutory audit of the *hospital* in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act 2015.

By Order of the Board

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Name; Dr. Susan Wanjiku Miako

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 the hospital, which give a true and fair view of the state of affairs of the *hospital* at the end of the financial year 2024/2025 and the operating results of the *hospital* for the year 2024/2025. The Board of Management is also required to ensure that the *hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *hospital*. The council members are also responsible for safeguarding the assets of the *hospital*.

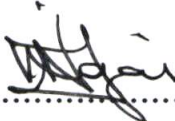
The Board of Management is responsible for the preparation and presentation of the *hospital's* financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining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

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

In preparing the financial statements, nothing has come to the attention of the Board of management to indicate that the *hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 14/8/2025 and signed on its behalf by:


.....

Name: Joseph Ngugi Muigai
Chairperson
Board of Management


.....

Name: Dr. Susan Wanjiku Miako
Accounting Officer/Secretary of the board

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MOLO LEVEL 4 SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Molo Level 4 Sub-County Hospital – County Government of Nakuru set out on pages 1 to 73, 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 the statement of comparison of budget and actual

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

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 Molo Level 4 Sub-County Hospital – County Government of Nakuru as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.96,279,558 as disclosed in Note 32 to the financial statements. However, the ownership documents for the parcel of land measuring 10 acres, buildings and three (3) motor vehicles valued at Kshs.47,532,210, Kshs.12,062,330 and Kshs.10,139,518 respectively, were not provided for audit verification.

As previously reported, a physical inspection of the land indicates that there is a private developer who has unlawfully encroached on part of the Hospital's land.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.96,279,558 as at 30 June, 2025 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.45,446,118 as disclosed in Note 29 to the financial statements. Review of the aging analysis provided for audit indicates that an amount of Kshs.29,746,720 or 65% of the total receivables had been outstanding for more than one (1) year and relates to debts owed by the defunct National Hospital Insurance Fund (NHIF). The Hospital risks losing funds due to non-payment of the debts by NHIF. No reason was provided by Management on why the monies owed to the Hospital has not been collected as required or the measures undertaken by Management to enforce compliance with the requisite provisions of the law. Further, Management has not made any provision for bad and doubtful debts as required by the standards.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.45,446,118 as at 30 June, 2025 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Molo Level 4 Sub County Hospital – County Government of Nakuru 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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

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

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the financial statements
2	2023/2024	Irregular payments on contracts for provision of security services
3	2023/2024	Unsupported property plant and equipment
4	2023/2024	Budgetary control and performance
5	2023/2024	Irregular management of hospital bank account
6	2023/2024	Irregular employment of casual employees
7	2023/2024	Deficiencies in implementation of Universal health care UHC
8	2023/2024	Expiry of medical supplies
9	2023/2024	Long outstanding receivables
10	2023/2024	Long outstanding trade and other payables
11	2023/2024	Failure to dispose unserviceable assets
12	2023/2024	Lack of approved information technology security policy
13	2023/2024	Lack of approved strategic plan
14	2023/2024	Lack of fraud management policy
15	2023/2024	Lack of internal audit function and audit committee and Board Work plan

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in 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. Non-Compliance with Requirements on Universal Health Care (UHC)

Review of the Hospital's operations and records during the year under review revealed that the health facility is operating below the set standards as per the Kenya Quality Model for Health Checklist designed for level 4 hospitals. The following deficiencies in the implementation of the Universal Health Care (UHC) programme were observed: -

- (i). The Hospital lacked key healthcare workers including radiologist, anaesthesiologist, general surgeons and it had only one (1) pediatrician against the standard operational requirement of a level 4 Hospital.

- (ii). Further, the Hospital did not have a functional Renal Department and advanced life support unit as required. In addition, there were only seventy-eight (78) inpatient bed capacity against the required one hundred and fifty (150) beds and only one (1) operation theatre against the required two (2).
- (iii). The Hospital does not have operational High Dependency Unit (HDU) and Intensive Care Unit (ICU) beds against the required six (6) for each.
- (iv). The Hospital has fifty-eight (58) Kenyan Registered Community Health nurses against seventy-five (75) required for a Level 4 Hospital. Further, the Hospital has five (5) Medical Officers against the required sixteen (16) for a Level 4 Hospital.
- (v). The Hospital land has not been surveyed and valued and Management did not provide a title deed for the land on which it is situated. It was therefore not possible to confirm whether the size of the land is the required acreage for a level 4 hospital.

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

In the circumstances, the understaffing and inadequate Hospital equipment may have negatively impacted on service delivery to the public.

2. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed Molo Level 4 Sub County Hospital collected an amount of Kshs.84,576,806 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.84,576,806 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.84,576,738 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.68. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

3. Non-Compliance with the Law on Staff Ethnic Composition

Review of the Hospital's human resources records revealed that the Hospital had seventy-nine (79) staff during the year out of which fifty-two (52) employees or 66% were from the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulate that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no

public institution shall have more than one third of its staff establishment from the same ethnic community.

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

4. Failure to Adhere to Fiscal Responsibility Principles on Employee Costs

The statement of comparison of budget and actual amounts reflects an amount of Kshs.163,885,955 in respect of employee costs. The amount paid was in respect to salaries and wages to the employees engaged by the facility against the total actual revenue balance of Kshs.260,401,341. The employee costs therefore represent 63% of the Hospital's revenue against the legally provided limit of thirty five percent (35%) of the total revenue. This is contrary to Regulation 25 (1) (a) and (b) of the Public Finance Management (County Government) Regulations, 2015 states that in addition to the fiscal responsibility principles set out in section 107 of the Act, the following fiscal responsibility principles shall apply in the management of public finances - the County Executive Committee Member with the approval of the County Assembly shall set a limit on the County Government's expenditure on wages and benefits for its public officers pursuant to section 107(2) of the Act; and the limit set under paragraph (a) above, shall not exceed thirty five (35) percent of the county government's total revenue.

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

5. Irregular Engagement of Casual Employees

Review of payroll and employment records of the Hospital revealed that casual employees were engaged for a period exceeding three (3) months at a time. The master register for the casual staff indicates that they have been providing services to the facility for more than one (1) year. This is contrary to the provisions of Section 37 (1) (a) of the Employment Act, 2007 states that notwithstanding any provisions of the Act, where a casual employee - works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and section 35(1)(c) shall apply to that contract of service.

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

6. Lack of an Incinerator for Disposal of Biomedical Waste Management

Review the Hospital's annual report on environmental and sustainability reporting revealed that the Hospital's existing burning site was non-functional and a recommendation for an incinerator had been made. A physical inspection carried out during the audit, revealed that non-sensitive waste was accumulated at a dump site adjacent to a non-functioning incinerator and was later burnt. It was also observed that the incinerator and waste chamber were non-functional. However, there was no evidence

that Management had complied with the National Environment Management Authority (NEMA) Waste Management Regulations, 2006 on biomedical waste management on; requirement for environmental impact assessment for biomedical waste generator, approval of biomedical waste generating activity, monitoring by a lead agency and requirement for environmental audits.

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

7. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.56,761,690 as disclosed in Note 36 to the financial statements. Review of the aging analysis provided for audit verification revealed that an amount of Kshs.48,873,582 or 86% of the creditors had been outstanding for more than one (1) year. This is contrary to Regulation 42 (2) of the Public Finance Management (County Government) Regulations, 2015. No plausible reason was provided by Management on why the accounts payable balance has not been cleared as required.

In the circumstances, the Hospital may incur addition and unnecessary costs of interest and penalties on delayed payments of outstanding bills.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Failure to Dispose Obsolete and Unserviceable Assets

As previously reported, review of the assets register and physical inspection of the Hospital's holding yard and stores revealed that there were some items in the store that are obsolete while others are in unserviceable condition. Further, the Hospital has several obsolete medical machines and equipment that are of no economic benefit to the

Hospital. Management has not provided any explanation why the obsolete and unserviceable assets have not been boarded and disposed as required.

In the circumstances, the effectiveness of internal controls in relation to asset management could not be confirmed.

2. Lack of Internal Audit Function and Audit Committee

During the year under review, the Hospital did not have an established Audit Committee of the Board and an Internal Audit Function. This is contrary to the Regulation 155 (2) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates - the entity to accomplish its internal audit responsibilities. Further, Regulation 167(1) states that subject to paragraph (2) of the regulation, each County Government entity shall establish an audit committee.

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

3. Lack of Risk Management and Fraud Management Policies

During the year under review the Hospital did not have risk and fraud management policies in place and had no approved processes and guidelines on how to mitigate operational, financial, and other risks. This was contrary to Section 168(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that The Accounting Officer shall ensure that - the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of internal controls in relation to risk management and fraud detection and prevention, could not be confirmed.

4. Lack of a Disaster Recovery Plan

During the year under review, Management had not established a disaster recovery plan/ business continuity plan. This implies that there are no measures in place to identify, prevent and mitigate disasters to ensure that operations are not interrupted.

In the circumstances, the Hospital's operations may be significantly affected in the event of a disaster or disruption of services.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	158,317,308	153,741,611
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
		158,317,308	153,741,611
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	102,084,033	88,931,096
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14		
Revenue from exchange transactions		102,084,033	88,931,096
Total revenue		260,401,341	242,672,707
Expenses			
Medical/Clinical costs	15	66,797,506	62,746,083
Employee costs	16	163,885,955	158,182,679
Board of Management Expenses	17	825,000	928,500
Depreciation and amortization expense	18	1,694,673	173,479
Repairs and maintenance	19	2,996,360	3,324,809
Grants and subsidies	20		

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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
General expenses	21	12,413,657	10,955,236
Finance costs	22		
Total expenses		248,613,151	236,310,786
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25	(10,427,245)	
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)		(10,427,245)	
Net Surplus / (Deficit) for the year		1,360,945	6,361,921

(The notes set out on pages 1 to 72 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14/8/2025 and signed on its behalf by:



Chairman

Board of Management



Head of Finance

ICPAK No:

20727



Medical Superintendent

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

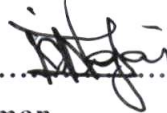
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	20,576,314	16,969,479
Prepayments	28		
Receivables from exchange transactions	29	45,446,118	34,444,850
Receivables from non-exchange transactions	30		
Inventories	31	2,786,537	17,540,278
Total Current Assets		68,808,969	68,954,607
Non-current assets			
Property, plant, and equipment	32	96,279,558	71,428,731
Intangible assets	33		260,000
Investment property	34		
Biological Assets	35		
Total Non-current Assets		96,279,558	71,688,731
Total assets (A)		165,088,527	140,643,338
Liabilities			
Current liabilities			
Trade and other payables	36	56,761,690	59,744,946
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Current portion of borrowings	41		
Total Current Liabilities		56,761,690	59,744,946
Non-current liabilities			
Provisions	38		
Non-Current Finance lease obligation	39		
Non-Current portion of deferred income	40		
Non - Current portion of borrowings	41		
Service concession Arrangements	42		
Total non-current liabilities			
Total Liabilities (B)		56,761,690	59,744,946
Net assets (A-B)		108,326,837	80,898,392
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		14,218,480	12,857,534
Capital Fund		94,108,358	68,040,858
Net Assets		108,326,837	80,898,392

(The notes on pages 1 to 72 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 14/8/25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 20727



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
As at July 1, 2023 (previous year)		6,495,613		6,495,613
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	6,361,921	-	6,361,921
Capital/Development grants	-	-		
As at June 30, 2024(previous year)	-	12,857,534		12,857,534
At July 1, 2024 (current year)		12,857,534	68,040,858	80,898,392
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	1,360,946	-	1,360,946
Capital/Development grants	-	-	26,067,500	26,067,500
At June 30, 2025 (current year)		14,218,480	94,108,358	108,326,837

(The additional capital fund of 26,067,500 was due to the additions of assets acquired during the year)

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		84,576,738	73,718,855
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)			
Total Receipts		84,576,738	73,718,855
Payments			
Medical/Clinical costs		33,906,270	13,603,620
Employee costs		31,712,775	37,399,487
Board of Management Expenses		825,000	772,500
Repairs and maintenance		2,756,360	2,844,327
Grants and subsidies			
General expenses		11,512,657	9,030,798
Finance costs			
Refunds paid out		38,840	
Total Payments		80,751,902	63,650,732
Net cash flows from operating activities	43	3,824,835	10,068,123
Cash flows from investing activities			

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Purchase of property, plant, equipment		(218,000)	
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities		(218,000)	
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities		3,606,835	
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents as at 1 July	27	16,969,479	6,901,356
Cash and cash equivalents as at 30 June	27	20,576,314	16,969,479

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting. The cashflow is presented in direct method approach)

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	
Budget carryovers from the previous year						
Receipts						
Transfers from the County Government						
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	70,319,020	17,784,970	88,103,990	84,576,738	3,527,252	96%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (specify)						
Total receipts	70,319,020	17,784,970	88,103,990	84,576,738	3,527,252	96%
Payments						
Medical/Clinical costs	17,094,111	14,846,450	31,940,561	33,906,270	-1,965,709	106%
Employee costs	41,090,160	-3,907,046	37,183,114	31,712,775	5,470,339	85%
Remuneration of directors	656,000	503,000	1,159,000	825,000	334,000	71%

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
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Repairs and maintenance	1,073,766	1,663,079	2,736,845	2,756,360	-19,515	101%
Grants and subsidies		-				
General expenses	10,404,983	4,242,895	14,647,878	11,512,657	3,135,221	79%
Finance costs						
Refunds				38,840	-38,840	
Total Operational Expenditure paid	70,319,020	17,348,378	87,667,398	80,751,902	6,915,496	92%
Capital Expenditure paid		436,592	436,592	218,000	218,592	50%
TOTAL	70,319,020	17,784,970	88,103,990	80,969,902	7,134,088	
Surplus				3,606,835		

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,606,835
1	Reason for differences (Cash and cash equivalents as at 1 July)	16,969,479
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	20,576,314

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14

- The amount of ksh 88,103,990 was budget projections, but the budget expenditure is on cash basis as per the cash flow statement.
- The available revenue could not finance all the planned expenditure, which explains the underutilisation of some votes since the hospital operates on prioritisation of life saving commodities.

2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

- The changes between the original and final budget is due to reallocation of budget items during the year based on priorities.

19. Notes to the Financial Statements

1. General Information

Molo sub county hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is to provide integrated quality services for all.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025

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.

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 4/07/2024. 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* recorded additional appropriations of 10,964,334 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.

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 2 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.

NB; some assets are yet to be revalued and therefore they have been identified at ksh 1 value. National Assets & Liabilities Management (NALM) rates (Assets policy) on depreciation provided by national treasury were used during the reporting period

Depreciation rates used;

1. Buildings 2%
2. Motor Vehicle 12.5%

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The 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 Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.*

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 0*.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so

recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. No additional disclosure of these estimates of provisions is included . Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants (<i>specify</i>)	0	0
	0	0
Conditional grants	0	0
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	0

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. KShs	Total grant	Comparative Period KShs
				income during the year	
				KShs	
xx County Government	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	132,173,180	120,783,192
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	26,144,128	32,216,768
Utility bills		741,651
Total grants in kind	158,317,308	153,741,611

(These include payments made directly by the County Governments for staff salaries, utility bills and medical drug

(These also include the ARVs, Anti TB, family planning, malaria and national disability drugs that are donated to the hospital by KEMSA and UHC)

8. Grants From Donors and Development Partners

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

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
Donor KEMSA/MEDS					
JICA					
World Bank					
Total					

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	8,923,939	13,489,723
Non-Pharmaceuticals	1,415,942	1,162,600
Laboratory	9,418,122	13,217,405
Radiology	6,622,308	5,176,607
Orthopedic and Trauma Technology	778,540	1,116,445
Theatre	1,566,440	1,703,938
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service	8,000	
Nutrition service	2,042,535	1,460,464
Cancer centre service		
Dental services	54,900	152,837
Reproductive health	10,999,985	6,629,066
Paediatrics services	2,988,623	13,936
Farewell home services	3,299,050	2,920,347
Ambulance services	1,431,774	1,322,200
Other medical services income (SHA)	46,677,881	36,024,999
Other medical services income (Medical records and reports, plaster, attachment fee)	5,855,994	4,540,529
Total revenue from the rendering of services	102,084,033	88,931,096

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Sale of goods (water, publications, containers etc)	xxx	xxx
Write backs (Deposits, payments in advance etc)	xxx	xxx
Bad debts recovered	xxx	xxx

<i>Others (Specify)</i>	xxx	xxx
Total Miscellaneous income	xxx	xxx

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		131,425
Laboratory chemicals and reagents	4,915,845	4,247,826
Public health activities		
Food and Ration	5,030,979	5,175,755
Uniform, clothing, and linen	123,060	189,500
Dressing and Non-Pharmaceuticals	11,013,328	9,335,096
Pharmaceutical supplies	13,664,630	7,953,392
Health information stationery	2,572,768	1,198,423
Reproductive health materials		
Sanitary and cleansing Materials	833,178	1,655,598
Purchase of Medical gases	2,074,590	216,000
X-Ray/Radiology supplies	425,000	426,300
Other medical related clinical costs (KEMSA /MEDS donations)	26,144,128	32,216,768
Total medical/ clinical costs	66,797,506	30,529,315

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	24,292,111	149,457,374
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution	7,420,664	8,725,305
Other employee costs (<i>salaries paid by county government</i>)	132,173,180	
Employee costs	163,885,955	158,182,679

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	825,000	928,500
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total	825,000	928,500

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	1,694,673	173,479
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	1,694,673	173,479

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	451,435	1,066,150
Medical equipment	1,377,980	607,589
Office equipment		
Furniture and fittings		
Computers and accessories	505,170	794,108
Motor vehicle expenses	432,775	772,962
Maintenance of plant and machinery	229,000	84,000
Total repairs and maintenance	2,996,360	3,324,809

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
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		
Total grants and subsidies		

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	199,445	
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	102,529	333,543
Conferences and delegations		
Consultancy fees		
Contracted services	2,251,464	1,312,392
Electricity expenses	4,374,842	4,272,550
Fuel and Lubricants	2,280,491	2,681,377
Research and development expenses		
Travel and accommodation allowance	152,300	401,000
Legal expenses		
Licenses and permits		

Description	2024/2025	2023/2024
	Kshs	Kshs
Courier and postal services	28,350	
Printing and stationery (GOS)	1,031,141	739,652
Hire charges		
Rent expenses		
Water and sewerage costs	1,196,895	923,722
Skills development levies		
Telephone and mobile phone services	131,000	171,000
Internet expenses	420,000	120,000
Staff training and development	245,200	
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
Total General Expenses	12,413,657	10,955,236

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	10,427,245	
Total Gain/Loss	10,427,245	

26. Impairment Loss

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investments	xxx	xxx

Total impairment loss	xxx	xxx
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27. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	20,576,314	16,969,479
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	20,576,314	16,969,479

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank Kenya	01001019332000	20,576,314	16,969,479
Kenya Commercial bank			
Equity Bank, etc			
Sub- total		20,576,314	16,969,479
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(<i>specify</i>)			
cash in hand			
Mobile money- Mpesa,			

Airtel money			
Sub- total			
Grand total		20,576,314	16,969,479

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	45,446,118	34,444,850
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	45,446,118	34,444,850

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	2023/2024	% of the total
Less than 1 year	15,699,398	35%	11,748,109	34%
Between 1- 2 years	29,746,720	65%	22,696,741	66%
Between 2-3 years				
Over 3 years				
Total (a+b)	45,446,118	100%	34,444,850	100%

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,920,000	14,406,275
Non pharmaceutical supplies	199,090	1,396,425
X-RAY Materials	120,500	65,500
Laboratory supplies		93,075
Maintenance supplies		
Food supplies	239,506	144,171
Cleaning materials supplies		
General supplies	307,441	1,434,832
Less: provision for impairment of stocks		
Total	2,786,537	17,540,278

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	17,540,278	xxx
Additional Inventory in the year	29,805,362	xxx
Inventory expensed in the year	(44,559,103)	xxx
Write-downs in the year		xxx
Others specify		xxx
Closing balance	2,786,537	xxx

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 30th Jun 2023	47,532,210	12,360,000	11,710,000						71,602,210
Depreciation and impairment		0.02	0.125						
At 1 July 2023 (previous year)	47,532,210	12,360,000	11,710,000						71,602,210
Depreciation for the year		51,500	121,979						173,479
Disposals									
Impairment									
At 30 June 2024	47,532,210	12,308,500	11,588,021						71,428,731
At July 2024 (current year)	47,532,210	12,308,500	11,588,021						71,428,731

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation		(246,170)	(1,448,503)						(1,694,673)
Additions				1,042,000	53,000	25,450,500			26,545,500
Disposals									
Impairment									
Transfer/adjustment					-				
At 30th June 2025	47,532,210	12,062,330	10,139,518	1,042,000	53,000	25,450,500			96,279,558
Net book values									
At 30 th June 2024 (previous)	47,532,210	12,308,500	11,588,021						71,428,731
At 30 th June 2025 (current)	47,532,210	12,062,330	10,139,518	1,042,000	53,000	25,450,500			96,279,558

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	Xxx
Additions–Internal development	xxx	Xxx
Disposal	(xxx)	(xxx)
At end of the year	xxx	Xxx
Amortization and impairment		
At beginning of the year	xxx	Xxx
Amortization for the period	xxx	Xxx
Impairment loss	xxx	Xxx
At end of the year	xxx	Xxx
NBV	xxx	Xxx

34. Investment Property

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

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Trees in a plantation forest	xxx	Xxx
Animals: Dairy Cattle, Pigs, Sheep	xxx	Xxx
Others specify	xxx	Xxx
Total	xxx	Xxx

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	56,761,690		59,744,946	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	56,761,690		59,744,946	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	7,888,108	14%	24,155,756	40%
1-2 years	35,671,203	63%	35,589,190	60%
2-3 years	13,202,379	23%		
Over 3 years				
Total	56,761,690	100%	59,744,946	100%

MOLO SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
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37. Refundable Deposits from Customers/Patients

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

38. Provisions

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

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Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Total Provisions	xxx	xxx	xxx	xxx

39. Finance Lease Obligation

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Lease obligation	Xxx	xxx
Long term lease obligation	Xxx	xxx
Total	Xxx	xxx

40. Deferred Income

Description	2024/2025	2023/2024
	KShs	KShs
Current Portion	Xxx	xxx
Non-Current Portion	Xxx	xxx
Total	Xxx	xxx

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
Balance at beginning of the period	Xxx	xxx
External borrowings during the year	Xxx	xxx
Domestic borrowings during the year	Xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the period	Xxx	xxx

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

Description	2024/2025	2023/2024
	KShs	KShs
Current Obligation	Xxx	xxx
Non-Current Obligation	Xxx	xxx
Total	Xxx	xxx

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024/2025	2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	Xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>Xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	Xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>Xxx</u>	<u>xxx</u>

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	1,360,945	6,361,921
Adjusted for:		
Depreciation	1,694,673	
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase/Decrease in inventory	14,753,741	(2,209,433)
Increase/Decrease in receivables	(11,001,268)	(20,844,150)
Increase in deferred income		
Increase/Decrease in payables	(2,983,256)	26,759,785
Increase in payments received in advance		
Net cash flow from operating activities	3,824,835	10,068,123

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024(previous year)				
Receivables from exchange transactions	34,444,850	34,444,850		

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Receivables from –non-exchange transactions				
Bank balances				
Total	34,444,850	34,444,850		
At 30 June 2025 (current year)				
Receivables from exchange transactions	45,446,118	45,446,118		
Receivables from –non-exchange transactions				
Bank balances				
Total	45,446,118	45,446,118		

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from SHA. 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	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables			59,744,946	59,744,946
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			59,744,946	59,744,946
At 30 June 2025				
Trade payables			56,761,690	56,761,690

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Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			56,761,690	56,761,690

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

iii) Capital Risk Management

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

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	26,144,128	32,216,768
Total	26,144,128	32,216,768

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Description	2024/2025	2023/2024
	Kshs	Kshs
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx
d) Key management compensation		
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	669,000	928,500
Total	669,000	928,500

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case xxx against the hospital	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

48. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

Molo sub county hospital is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Nakuru.

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	1. Inaccuracies in the Financial Statements	<ul style="list-style-type: none"> • IPSAS 1, "Presentation of Financial Statements," sets the framework for presenting general-purpose financial statements under the accrual basis of accounting, thus the financial performance is prepared in accrual basis which includes all the accrued revenue (4.1.4 revenue) and expenditure (4.1.5 expenses) . • 4.3 Statement of Cashflows; All Level 4 	RESOLVED	

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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)
		<p>and 5 hospitals shall be required to prepare statements of cash flows for the reporting period as per the approved template. The statement shall be in compliance with IPSAS 2- Cashflow statements which states direct method of cash flow preparation.</p> <p>•4.4 Statement of budgeted vs. actual amounts; the statement also demonstrates the entity's financial performance where the basis of preparation of financial statements and the budget preparation basis are the same.</p> <p>• The variances are thus due to different accounting approaches in each sector.</p>		
	2. Irregular Payments on Contract for Provision of Security Services	• The management was guided by the public procurement and asset disposal act (Revised edition 2022) 52;1,2 which states	RESOLVED	

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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)
		that the accounting officer can make arrangements to enable another entity to carry out the procurement or part of the procurement, on behalf of a procuring entity. Further, the management would like to explain that this kind of agreement was intended to reduce the cost and time for procuring services.		
	3.Unsupported Property, Plant and Equipment Balance	<ul style="list-style-type: none"> On 2nd November 2023, the hospital management wrote a letter to the chief officer medical services to request the title deed and to sort out the issue of land encroachment through a letter referenced ADM/2023/50 The land issue is currently being handled by the County department of health as per the letter dated 17th September 2024 	NOT RESOLVED	30/06/2026

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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)
		<p>Reference CGN/DOHS/COMS/VOL.VI/LPP/2024/55 with the valuation having been done by County head quarter.</p> <ul style="list-style-type: none"> •Only the valuation report for the inherited assets (GKA vehicles) was availed to us, Land and Buildings valuation report has not been delivered to the hospital. The hospital is in the process of doing valuation and tagging of the remaining assets. •This will be captured in the subsequent financial statements 		
	4.Budgetary Control and Performance	<ul style="list-style-type: none"> •The management would like to note that 3% over collection is because we were able to surpass the revenue target after adding more and quality services in the facility. •The 6% under expenditure is because of 	RESOLVED	

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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)
		the balance (closing stock) of the donated drugs that had remained at the closure of the year (June 2024)		
	5.Unresolved Prior Year Matters	<ul style="list-style-type: none"> The management has appeared before the county assembly for the same, the issues raised by the auditor was discussed and we are currently waiting for the county assembly's report. 	NOT RESOVED	30/12/2025
	6.Irregular Management of the Hospital's Bank Account	<ul style="list-style-type: none"> This was a directive by the CECM Finance and economic planning which aimed to enhance control and oversight by the county treasury 	NOT RESOLVED	30/12/2025
	7.Irregular Employment of Casual Employees	<ul style="list-style-type: none"> The facility with the guidance of the County Health Department and/with approval from the Nakuru County Public Service Board engages Casual workers on a 	NOT RESOLVED	30/06/2026

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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)
		<p>3 months contract which we renew after the 3 month period, however to avoid interruption of services the management was not able to lay them off every three months due to the trainings and the kind of technical work they perform.</p> <ul style="list-style-type: none"> The management has trained them on infection and prevention measures revenue collection/management, records keeping/management, this makes it a challenge to keep on training new team every three months. 		
	<p>8.Deficiencies in Implementation of Universal Health Care (UHC)</p>	<ul style="list-style-type: none"> We acknowledge the audit findings that the hospital is understaffed, however; Employment is a function of the county public service board and the management had requested the same through the 	<p>NOT RESOLVED</p>	<p>30/6/2025</p>

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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)
		<p>department of health to breach the gap.</p> <ul style="list-style-type: none"> The new outpatient building will address the challenge of inadequate hospital equipment i.e. the new building will have two additional theatres which will bring the total of operating theatres to three, it will also have a five bed renal units which will increase the bed capacity from the current 77 to 150. For Maternity services and outpatient services, we have received funding/grant from the safaricom foundation which will address the equipment gaps that exist in the provision of maternal and health services. 		
	9.Expiry of Medical Supplies	<ul style="list-style-type: none"> The expired drugs are kept in a F.058 register awaiting instructions/guidance from the department on disposal. The 	RESOLVED	

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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)
		<p>management had written a letter (ref ADMIN:18/2024/133) to the department of health requesting for disposal since it is not able to dispose the drugs due to lack of an incinerator,</p> <ul style="list-style-type: none"> The management also wishes to note that the expired drugs are sometimes due to short expiry drugs donated by KEMSA, change of treatment guidelines and there are some emergency medicines and antidotes that must be stocked even though they are hardly consumed thus making them prone to expiring. 		
	10.Long Outstanding Receivables	The department of health has been following up on behalf of the hospital for the claims to be reimbursed. The hospital management sends a monthly report to the	NOT RESOVED	30/06/2026

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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)
		<p>department which then follows up with NHIF.</p> <ul style="list-style-type: none"> The management has also done reconciliations of the claims with NHIF who promised to reimburse the claims once they are done with their verifications. 		
	11.Long Outstanding Trade and Other Payables	<ul style="list-style-type: none"> The hospital has had financial challenges due to the high wage bill of ksh 37,399,487 p.a thus unable to meet its obligations as and when they fall due. However the management has developed a policy of allocating 15% of the revenue (quarterly budget) to pay the depts. The management would also wish to state that some of the pending bills have been settled in the current financial year. 	NOT RESOLVED	30/06/2026

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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)
	12. Failure to Dispose Unserviceable Assets	<ul style="list-style-type: none"> • There is a committee for disposal formed at the county level which is in the process of disposing the county unserviceable assets. •The management also wish to note that they had written a letter (ref ADMIN: 18/2024/128) to the department with the list of items that need to be disposed and we are waiting for their response 	NOT RESOLVED	31/12/2025
	13. Lack of an approved Information Technology Security Policy	<ul style="list-style-type: none"> •The departmental of health develops the policies our work as the hospital is to implement them, but the management will seek more guidance from the department 	NOT RESOLVED	30/06/2026
	14. Lack of an Approved Strategic Plan	<ul style="list-style-type: none"> • The departmental of health develops the policies our work as the hospital is to implement them, but the management will seek more guidance from the department. 	NOT RESOLVED	30/06/2026

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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)
	15. Lack of a Fraud Management Policy	<ul style="list-style-type: none"> The departmental of health develops the policies our work as the hospital is to implement them, but the management will seek more guidance from the department. 	NOT RESOLVED	30/06/2026
	16.Lack of Internal Audit Function, Audit Committee and Board Work Plan	<ul style="list-style-type: none"> The board is guided by the hospital annual work plan . The management wish to note that, internal audit exercise is done by treasury (department of finance and economic planning) and the management is in the process of obtaining the internal audit report for the year 2023/2024 from the department. 	NOT RESOLVED	31/12/2026

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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	OUTPATIENT BLOCK	COUNTY GOVERNMENT				NO
2						

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Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	OUTPATIENT BLOCK	150,095,771		97%	150,095,771	150,095,771	COUNTY GOVERNMENT
2							
3							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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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		

Appendix V: Disaster Expenditure Reporting Template

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