

REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

**KENYATTA UNIVERSITY TEACHING
REFERRAL AND RESEARCH HOSPITAL**

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

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KENYATTA UNIVERSITY TEACHING REFERRAL & RESEARCH HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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Annual Report and Financial Statements
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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
BETA	Bottom Up Economic Transformation Agenda
OPAB	Oncology Pharmacotherapy and Applications of Biosimilars
WHO	World Health Organization
APHRC	African Population and Health Research Center
NIHR	National Institute for Health and Care Research

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

Kenyatta University Teaching, Referral and Research Hospital was established as a state corporation under the State Corporations Act Cap 446 through a Legal Notice No.4 of 2019.

The Hospital is an ultra-modern 650-bed state-of-the-art Hospital along the northern bypass road. It is providing tertiary (highly specialized) health care services as a referral facility for level 4 and 5 facilities in the nation, thereby helping decongest Kenyatta National Hospital (KNH) and surrounding county government Hospitals. In addition, and in keeping up with evidence-based decision making, it is also involved in training and research with the aim of becoming the Model for research based Integrated Health Care Delivery System that responds to global health issues. KUTRRH is also poised to be the only public facility in the East and Central African region to offer the complete continuum of Cancer treatment with the establishment of the Integrated Molecular Imaging Cancer diagnostic and Treatment Centre.

(b) Principal Activities

The functions of the Hospital as enumerated in the Legal Notice No. 4 of 25th January 2019 of the State Corporations Act (Cap 446) are:

- a) to provide highly specialized services, including—
 - i) general specialization.
 - ii) discipline specialization; and
 - iii) geographical or regional specialization including highly specialized healthcare for an area or region; and
- b) to provide training and research services for issues of national importance.

VISION

A regional leader renowned for excellent patient experience, transformative clinical outcomes, training, cutting edge research and innovation.

MISSION

To enhance health and wellbeing of Kenyans and global citizens through provision of quality patient-centred and evidence-based healthcare.

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CORE VALUES

The culture of KUTRRH is centred on our core values. Living these values by the actors involved, will enable the hospital to achieve its vision.

i) Integrity

The concept of integrity as a core value encompasses honesty, ethical behaviour, and adherence to moral principles in all aspects of life. Integrity is about doing the right thing, even when no one is watching, and maintaining consistency between one's words and actions.

ii) Teamwork

Teamwork as a core value emphasizes the importance of collaboration, cooperation, and mutual support among individuals working towards a common goal. It involves leveraging the strengths and abilities of each team member to achieve shared objectives more effectively and efficiently.

iii) Compassion

Compassion as a core value emphasizes empathy, kindness, and concern for the well-being of others. It involves understanding and acknowledging the suffering or difficulties of others and taking action to alleviate their pain or improve their situation.

iv) Accountability

Accountability as a core value emphasizes taking responsibility for one's actions, decisions, and commitments. It involves owning up to mistakes, honouring obligations, and accepting the consequences of one's behaviour.

v) Equity and Diversity

Equity and diversity as core values promote fairness, inclusivity, and respect for the unique perspectives and contributions of all individuals, regardless of their background, identity, or characteristics.

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SPECIFIC OBJECTIVE

Provision of Quality Specialized Health Services and Modernization of Infrastructure and Medical Equipment.

BOTTOM-UP ECONOMIC TRANSFORMATION AGENDA (BETA)

KUTRRH is playing a key role in enhancing public access to high quality and affordable health care for all, as envisioned in the Universal Health Care pillar of the Government's Agenda. KUTRRH is well positioned to address the increasing demand for highly specialized health care services due to the growing population, emerging increase in Non-Communicable Diseases such as cancer, limited number of specialized health facilities, shortage of medical personnel, and lack of specialized research.

(c) Key Management

The Hospital's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Zeinab Gura
2	Corporate Secretary CPS (K), LL.M, MBA, LLB., Governance Auditor	CS. Susan Kihato
3	Ag. Director, Clinical Services	Dr. Anthony Kamau
4	Ag. Director Administration and Corporate Services.	Dr. John Nyambega
5	Director, Nursing Services	Ms. Pamleila Mugendi
6	Director Human Resource & Development	Dr. Tabby W Mungai
7	Director Training, Research & Innovation	Dr. Caroline Ngugi
8	Director ICT & Innovation	Dr. Mwirigi Kiula
9	Director Finance Planning and Development	Dr. Isaiah Gituma
10	Chief Finance Officer	CPA Edward Maundu
11	Deputy Director, Research & Clinical Trials	Dr. Marion Wangui, Ph.D
12	Deputy Director, Nursing Services	Ms. Jackline Tindi
13	Deputy Director, Clinical Services	Dr. Kerama Onyimbo

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No.	Designation	Name
14	Deputy Director, Research Projects and Grants	Dr. Christopher Ouma
15	Chief Pension Officer	CPA Margaret Wanjiku
16	Chief Internal Auditor	CPA Patrick Gichuhi

(d) Fiduciary Management

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

No.	Designation	Name
1.	Dr. Zeinab Gura	Ag. Chief Executive Officer
2.	Dr. Anthony Kamau	Ag. Director, Clinical Services
3.	Dr. John Nyambega	Ag. Director Administration and Corporate Services.
4.	Ms. Pamleila Mugendi	Director, Nursing Services
5.	Dr. Isaiah Gituma	Director Finance Planning and Development
6.	CPA Edward Maundu	Chief Finance Officer
7.	Dr. Tabby W Mungai	Director Human Resource & Development
8.	Dr. Caroline Ngugi	Director Training, Research & Innovation
9.	Dr. Mwirigi Kiula	Director ICT & Innovation
10.	CS. Susan Kihato	Corporation Secretary & Head of Legal Services

(e) Fiduciary Oversight Arrangements

1. FINANCE AND DEVELOPMENT, STRATEGY, ICT AND INNOVATION COMMITTEE

a) Financial Management

- i) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- ii) Review with management and the external auditors the results of the audit, including any difficulties encountered.

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- iii) Review the annual financial statements. and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- iv) Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- v) Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing Standards.
- vi) Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- vii) Review interim financial reports with management and the external auditors before filing with regulators and consider whether they are complete and consistent with the information known to Committee members.
Ensure compliance with all financial contracts.

b) Strategy

- i) Review the Hospital's Strategic Plan with guidance by the Board and advise the management accordingly.
- ii) Monitor the implementation of the Hospital's Strategic Plan to ensure that its on course.
- iii) Review the Hospital Performance Contract on a quarterly basis and make recommendations to the Board.

c) Development

- i) Review proposals for funding sources to support the Hospital's initiatives and projects.
- ii) Monitoring and evaluating ongoing projects, ensuring they align with the Hospital's mission and goals and make recommendations to the Board.
- iii) Ensuring there is value for money in all projects at the Hospital.

d) ICT

- i) Review ICT policies, strategies, and initiatives aligned with the Hospital's vision and mission
- ii) Advise on the adoption of new technologies and systems.
- iii) Oversee the development and maintenance of the Hospital's ICT infrastructure.
- iv) Ensure compliance with data protection, security, and privacy regulations.
- v) Monitor and assess the performance of existing ICT systems and services.
- vi) Review and recommend the ICT budget, ensuring alignment with the Hospital priorities.
- vii) Address and recommend strategies for resolving ICT-related challenges and issues.

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e) Innovation

- i) Ensure development, implementation and review of policies, guidelines and procedures on Innovations and Entrepreneurship within the Hospital
Promote the establishment of an Innovation Ecosystem to spur medical innovations within KUTRRH
- ii) Consider and approve comprehensive quarterly monitoring and evaluation of medical innovations
- iii) Oversee incubation of innovations

2. TRAINING RESEARCH AND CLINICAL SERVICES COMMITTEE

a) Training

- i) Review the Hospital policy guidelines, procedures and regulations governing training and capacity building in the Hospital.
- ii) Provide oversight and direction for smooth, effective, and efficient operation of Hospital training activities.
- iii) Ensure all KUTRRH's training programmes and curricula are in line with the hospital's Strategic Plan
- iv) Review any changes on policy issues relating to training and capacity building in the Hospital

b) Research

- i) Review the Hospital policy guidelines, procedures and regulations governing the conduct of research in the Hospital
- ii) Ensure effective implementation and monitoring of all KUTRRH's research programmes
- iii) Ensure that research is prioritized across all hospital departments.
- iv) Ensure that research is institutionalized in the Hospital.

c) Quality Assurance

- i) Ensure review of policies, guidelines and procedures on Quality Assurance within the hospital
- ii) Encourage benchmarking to ensure best practice in service delivery.
- iii) Provide guidance on development, implementation, monitoring and evaluation of quality assurance programs in the Hospital
- iv) Oversee compliance with relevant regulatory and accreditation standards and ensure a comprehensive quarterly evaluation of standards, quality assurance programs in the Hospital.

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d) Clinical Services

- i) Review clinical policies, protocols, and procedures to ensure alignment with best practices and regulatory standards
- ii) Evaluate and make recommendations on the implementation of new medical technologies and treatments
- iii) Monitor clinical outcomes presented by management and performance metrics to identify areas for improvement.
- iv) Provide input on the development and implementation of patient safety initiatives.
- v) Advise on the allocation of clinical resources, including staffing and equipment.

3. HUMAN RESOURCES, HOSPITAL OPERATIONS AND ADMINISTRATION COMMITTEE

a) Human Resource Management

- i) Review policy guidelines based on Government regulations on Terms and Conditions of Service for Staff.
- ii) Review Terms and Conditions of Service for Staff and make recommendations to the Board for consideration and action.
- iii) Receive and consider disciplinary appeal cases from members of staff and make appropriate decisions.
- iv) Provide policy guidelines on housing, staff welfare, training, industrial relations and work environment.

b) Operations and Administration

- i) Review and assess hospital policies, procedures, and protocols related to operations and administration.
- ii) Evaluate and make recommendations on resource allocation, including staffing, budgeting, and capital investments.
- iii) Monitor and analyse key performance indicators related to hospital operations, identifying areas for improvement and efficiency.
- iv) Provide input on strategic planning initiatives related to hospital operations and administration.
- v) Review and advise on matters related to patient satisfaction, customer service, and community outreach.

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4. AUDIT AND COMPLIANCE COMMITTEE

- i) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- ii) Review with management and the external auditors the results of the audit, including any difficulties encountered.
- iii) Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- iv) Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- v) Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
- vi) Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- vii) Review interim financial reports with management and the external auditors before filing with regulators and consider whether they are complete and consistent with the information known to Committee members.
- viii) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- ix) Review the findings of any examinations by regulatory agencies, and any auditor observations.
- x) Obtain regular updates from management and Hospital legal counsel regarding compliance.

(f) KUTRRH Headquarters

Kenyatta University Teaching, Referral & Research Hospital,
Located at: Northern Bypass Rd., Kahawa West, Nairobi
P.O Box 7674 - 00100 GPO
Nairobi, Kenya

(g) KUTRRH Contacts

Tel: +254 780 900519
Email: info@kutrrh.go.ke
Website: www.kutrrh.go.ke

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(h) KUTRRH Bankers

Kenya Commercial Bank
Thika Road Mall (TRM) Branch
P.O. Box 105515-00101
Nairobi
Kenya

(i) Independent Auditor



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

(j) Principal Legal Adviser


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

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3. The Board of Directors/Council

Ref	Directors	Details
1.	 <p>Sen Kembi-Gitura, MGH Chairman of the Board</p>	<p>Profession/academic qualifications: LLB (Hons) Date of birth: 21st November, 1954</p> <p>Work Experience Senator Kembi-Gitura is a Kenyan lawyer with many years of experience in the practice of law and public service. He is a partner in the firm Kembi-Gitura and Company, Advocates. He has played various roles in public service, including serving as a Member of Parliament in the National Assembly and the Senate, where he was Deputy Speaker in the Eleventh Parliament. He has also served as the Kenyan Ambassador to the Kingdom of Belgium, the Duchy of Luxembourg, and the European Union. He is currently the Chairman of the Board of Directors of Kenyatta University Teaching Referral and Research Hospital, having been appointed by H.E., The President of the Republic of Kenya, for three years starting on December 19, 2024.</p>
2.	 <p>Hon. Leonard Sang Independent Board Member</p>	<p>Profession/academic qualifications: Masters in Public Health (Ongoing) Bachelor of Science in Public Health</p> <p>Date of birth: 26th November, 1974</p> <p>Key qualifications:</p> <ul style="list-style-type: none"> • Policy Formulation and Implementation • Legislative Processes and Public Governance • Stakeholder engagement and Negotiation • Strategic Planning and Development • Budgeting and Financial Oversight • Leadership and Team Management <p>Work experience:</p>


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		<p>Served as a Member of Parliament and a Board Member at the Kerio Valley Development Authority</p> <p>Membership to Board Committees</p> <ul style="list-style-type: none"> • Chairman to the Human Resource and Administration Committee • Member of the Finance and Development Strategy ICT and Innovations Committee
3.	 <p>Ms. Agnes Ongadi Independent Board Member</p>	<p>Profession/academic qualifications: Bachelor of Commerce (Accounting) MBA (Finance)</p> <p>Date of birth: 15th September, 1970</p> <p>Key qualifications:</p> <ul style="list-style-type: none"> • Strategic Administration and HR Management • Organizational and People Performance Systems • Strategic Business Development • Financial Management • Laws Governing Labour and Company Administration • Corporate Governance • HR Information System • Development and Leveraging on Institutional Strategic Plans • Admin and HR Policy Development and Review • Organizational Effectiveness and Process Engineering • Change Management • Strategic Linkages • Leadership • Conflict Resolution <p>Work experience:</p> <ul style="list-style-type: none"> • Senior Consultant 2019 to 2022: Silver Resources International



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		<ul style="list-style-type: none"> • Head of Human Capital, Security and Administration 2011 - 2019 Kenya Electricity Transmission Company Ltd • Deputy Manager Administration 2009-2010 • Kenya Electricity Transmission Co. Ltd. • Commissioner 2007 –2011 National Commission on Gender and Development • General Manager 2005 - 2008 Fastcom Ltd • Relationship Manager 2000 - 2004 • First American Bank of Kenya Ltd., Nairobi <p>Membership to Board Committees</p> <ul style="list-style-type: none"> • Chairman to the Audit and Compliance Committee • Member of the Human Resource and Administration Committee
4.	 <p>Dr. Peter Cherutich, PhD, MBS, OGW Alternate PS, State Department for Medical Services, Ministry of Health</p>	<p>Profession/academic qualifications: Doctorate in Global Health</p> <p>Date of birth: 30th August, 1974</p> <p>Key qualifications: Public Health Specialist</p> <p>Work experience: Dr Peter Cherutich, MBChB, MPH, PhD, is a public health specialist and a senior deputy director of medical services in the Ministry of Health, Kenya. He has previously served as Head, Directorate of Preventive and Promotive Health, Ag. Head National AIDS/STD Control Programme (NAS COP), Head, division of health informatics, and research and also head of HIV Prevention at NAS COP where he spearheaded many prevention programmes including HIV testing and counselling. He has served on the board of National Hospital Insurance Fund (NHIF)</p>

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		<p>representing the Principal Secretary and the Director of Medical Services at different times. Dr Cherutich received his medical degree from the University of Nairobi and possesses a Master of Public Health and PhD in Global Health from the University of Washington, Seattle, USA.</p> <p>Membership to Board Committees</p> <ul style="list-style-type: none"> • Chairman, Training Research and Clinical Services Committee • Member to the Human Resource and Administration Committee
5	 <p>Dr. Kenrick Ayot Alternate to the PS, the National Treasury</p>	<p>Profession/academic qualifications: Doctorate</p> <p>Date of birth: 23rd May, 1981</p> <p>Key qualifications: Economics and Finance</p> <p>Work experience:</p> <p>Dr. Ayot is a seasoned economist with over 10 years of blended expertise in public debt management, program-based budget preparation, execution, reporting procedures, and capacity development at the National Treasury. Recognized for spearheading the preparation of the 5-year Medium Term Plans and Sectoral Plans, including formulating and analysing macroeconomic policies.</p> <p>Membership to Board Committees</p> <ul style="list-style-type: none"> • Chairman, Finance and Development Strategy ICT and Innovations Committee • Member to the Audit and Compliance Committee


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6	 <p>Ms. Pauline Mcharo Alternate to the Attorney General (AG)</p>	<p>Profession/academic qualifications: Masters in International Law</p> <p>Date of birth: 24th July, 1977</p> <p>Key qualification: Law</p> <p>Work experience: Ms. Pauline Mcharo is Deputy Chief State Counsel, International Law Division, at the Office of the Attorney General and Department of Justice. Her current assignments include representing Government in international investment and commercial disputes and assisting in resolution of Territorial and Maritime Delimitation disputes.</p> <p>Membership to Board Committees Member to the following Board Committees</p> <ul style="list-style-type: none"> • Finance and Development Strategy ICT and Innovations Committee • Human Resource and Administration Committee
7	 <p>Prof. Bonaventure Michael Okello Agina. Dean, School of Health Sciences Kenyatta University</p>	<p>Profession/academic qualifications: Professor</p> <p>Date of birth: 8th June, 1949</p> <p>Key qualifications: Obstetrics & Gynaecology</p> <p>Work experience: Prof. Bonaventure Okello Agina is the current Dean School of Health Sciences at Kenyatta University</p> <p>Membership to Board Committees He is a member to the following Board Committees</p> <ul style="list-style-type: none"> • Audit and Compliance Committee • Training Research and Clinical Services Committee

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<p>8</p>	 <p>Mr. Bernard Nzumbi Mulatya Alternate PS, State Department for Higher Education and Research</p>	<p>Profession/academic qualifications: Master of Arts Degree in Planning Date of birth: 1st July, 1974 Key qualifications: Planning and execution of projects and programmes.</p> <p>Work experience: He has over 10 years' experience in planning and execution of projects and programmes. He has steered several reforms in the education sector and has substantial experience in corporate governance.</p> <p>Membership to Board Committees He is a member to the following Committees of the Board:</p> <ul style="list-style-type: none"> • Audit and Compliance Committee • Training Research and Clinical Services Committee
<p>9</p>	 <p>Dr. Zeinab Gura 'ndc' K Ag. Chief Executive Officer</p>	<p>Profession/academic qualifications: Bachelor of Medicine and Surgery, Master of Science in Applied Epidemiology, Master of Arts in International Studies Date of birth: 15th Aug 1979 Key qualifications: Medicine Work experience: Eighteen (18) years in health sector, across clinical, policy, health system strengthening and running health programs. Has led teams as head of Units, Divisions, Directorate and Deputy Director General for health in the Ministry of Health. Currently acting as CEO KUTRRH</p> <p>Membership to Board Committees She is a member of the following Committees:</p> <ul style="list-style-type: none"> • Human Resource and Administration Committee • Finance and Development Strategy ICT and Innovations • Training Research and Clinical Services Committee

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10	 <p>CS. Susan Kihato Corporate Secretary CPS (K), LLM, MBA, LLB., Governance Auditor</p>	<p>Profession/academic qualifications: CPS (K), LLM, MBA, LLB, Date of birth: 29 April 1976 Key qualifications: CPS and Law Work experience: Susan Kihato is a qualified legal and corporate governance expert with extensive experience in legal compliance, governance auditing, and company secretarial services. She is a Certified Public Secretary (CPS), LLM, MBA, and LLB, and an accredited Governance Auditor. Susan has extensive experience as an advisor in both the public and private sectors on corporate governance practices spanning over 15 years. Her expertise spans legal advisory, statutory reporting, risk management, and board support, positioning her as a key leader in ensuring regulatory compliance, transparency, and strategic alignment across various industry verticals.</p>
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4. Key Management Team

	Management	Details
1.	 Dr. Zeinab Gura 'ndc' K Ag. Chief Executive Officer)	Providing strategic leadership; drawing and execution of plans for implementation of the Hospital's mandate and overall implementation of the Board's decisions.
2.	 Dr. John Nyambega Ag. Director Administration and Corporate Services	Providing technical and professional guidance to administrative functions of the hospital; ensuring effective execution of Hospital mandate; ensuring optimal utilization of resources
3.	 Dr. Anthony Kamau Ag. Director Clinical Services	The mandate of the Director Clinical services is to monitor clinical performance throughout the Hospital, promoting a culture of excellence in patient safety, quality of care and patient experience".




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4.	 <p>Dr. Isaiah Gituma Director Finance, Planning & Development</p>	<p>The role of this Directorate is to oversee prudent utilization of public funds as well as implementing the hospital strategic plan. The directorate also coordinates implementation of projects in the hospital.</p>
5.	 <p>Dr. Tabby Mungai, PhD Director Human Resource & Development Doctor of Philosophy in Education</p>	<p>Providing technical and professional guidance to Human Resource functions of the hospital.</p>

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6.	 <p>Dr. Pamleila Mugendi Director Nursing Services</p>	<p>Formulation, review and interpretation of KUTRRH health care policies relating to nursing services; ensuring compliance to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.</p>
7.	 <p>CPA. Edward Maundu Chief Finance Officer CPA(K), BBA (Finance &Accounting), MA (Monitoring & Evaluation)</p>	<p>Organize and coordinate financial management functions; Ensure optimal utilization of financial resources, Ensure compliance with statutory requirements; Financial reporting to management and regulatory bodies. Provide technical guidance on formulation and implementation of strategies & policies; establishment and implementation of monitoring & evaluation systems; budgeting and development of quality improvement initiatives</p>

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8.	 <p>Dr. Caroline Ngugi Director, Training & Research</p>	<p>The directorate provides facilities for medical education and training in nursing and other health and allied institutions through the establishment of an institute for specialized nursing and offering short courses. It also ensures continuous learning/re-tooling of staff, through providing facilities for medical education, clinical placements & rotations and medical internships.</p>
10	 <p>Dr. Mwirigi Kiula, Ph.D Director, ICT & Innovation</p>	<p>Dr. Mwirigi Kiula is an ICT professional, scholar and enthusiast of digital transformation. In KUTRRH he has led the successful rollout of the Hospital Management Information System (HMIS) and the Medical Innovation and Accelerator Hub (MIAH). He holds a Ph.D. in Leadership and Governance (2018), M.Sc. in ICT Policy and Regulation (2010) and B.Sc. in Computer Science (2004) from JKUAT, Kenya</p>
11	 <p>Susan Kihato Corporation Secretary & Head of Legal Services</p>	<p>Corporation Secretary provides Board Secretarial services support, governance advisory and oversees the legal advisory services in the hospital.</p>

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5. Chairman's Statement

The operationalization of Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) marked a defining chapter in the advancement of public healthcare in Kenya. What began as a concept in 2008 culminated in the official commencement of patient services on 28th October 2019, a transformative milestone that has since positioned the institution as a center of excellence in specialized healthcare, research, and training.

KUTRRH continues to play a pivotal role in advancing the Government's Universal Health Coverage agenda under the Bottom-Up Economic Transformation Agenda (BETA), by significantly enhancing access to high-quality, affordable, and specialized medical services. With a strong foundation in state-of-the-art medical technology, the Hospital is equipped to deliver highly specialized care through a multidisciplinary team of well-trained and experienced healthcare professionals.

In the area of oncology, KUTRRH has made unparalleled progress. The establishment of the Integrated Molecular Imaging Centre (IMIC) has enabled the institution to offer a full continuum of cancer diagnostic and treatment services, positioning it as the only public facility in East and Central Africa with such capability. The IMIC, commissioned on 16th October 2021 following the successful completion and installation of all major equipment, features a cyclotron and radiopharmacy for the in-house production of radiopharmaceuticals such as fluorodeoxyglucose (FDG). These radioactive tracers enable advanced imaging for early and accurate cancer detection through PET/CT and SPECT/CT technologies. This has not only contributed to early diagnosis and improved cancer survivorship but has also significantly reduced outbound medical tourism, while promoting Kenya as a destination for inbound medical tourism. The facility has continued to be a source of hope for Kenyans who would have otherwise not accessed these services with a total of 4377 PET/CTs scans carried out in the year under review.

Further strengthening its oncology capabilities, the Hospital commissioned the Stereotactic Radiosurgery Linear Accelerator (CyberKnife) on 24th April 2023. This advanced radiosurgery platform offers precision treatment for patients with inoperable or recurrent tumors and provides an alternative for patients seeking non-invasive care. A total of 165 patients accessed this service in the year under review.

To accommodate the increasing demand for oncology services, KUTRRH has embarked on the construction of an extension to the existing Oncology Centre. The facility, which spans three floors, will provide an additional 60 inpatient beds, as well as doctors' and nurses' offices, consultation rooms, staff lounges, conference facilities, and support infrastructure. Once completed, the expansion will enhance patient flow and improve access to timely and comprehensive cancer care.

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In addition to its role as a tertiary hospital, KUTRRH was also mandated to enhance service delivery at Gatundu Level V Hospital through a tripartite Memorandum of Understanding signed with the Ministry of Health and the County Government of Kiambu on 10th September 2020. As part of this agreement, KUTRRH has supported the provision of specialized services, shared critical equipment and infrastructure, automated health information systems, and facilitated staff capacity building, clinical training, and cross-referral mechanisms.

Through this collaboration, significant infrastructural projects have been completed at Gatundu Level V Hospital, including the construction and equipping of the Gatundu Tower II in addition to the renovations carried out in the previous years. These upgrades have substantially improved the patient experience and the hospital's operational efficiency. As this collaboration comes to an end, KUTRRH takes pride in these achievements that have greatly enhanced access to healthcare for residents of Kiambu County and other neighbouring counties.

KUTRRH's performance over the past year affirms its strategic positioning as a leading public healthcare institution, not only in Kenya but across the African continent. The Hospital continues to offer world-class medical care to patients across all socio-economic backgrounds, thereby reducing the need for outbound referrals and ensuring that Kenyans can access advanced treatment within the country.

The Board remains steadfast in its commitment to strengthening governance and institutional leadership structures that will ensure the realization of the Hospital's mandate. We remain guided by the ambition to cement KUTRRH's place as a nationally and regionally renowned referral hospital that offers highly specialized, safe, accessible, and quality healthcare to all.

Name *James Kibugu Wambu*

Signature



Date

04/12/2025

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6. Report of the Chief Executive Officer

KUTRRH was established as a State Corporation pursuant to Legal Notice No. 4 of 2019 under the State Corporations Act, Cap 446, and commenced operations in October 2019. Since inception, the Hospital has experienced exceptional growth and transformation, positioning itself as a premier institution in the provision of specialized healthcare, advanced training, and cutting-edge research. During the period under review, the Hospital continued to execute its mandate with professionalism, efficiency, and an unwavering commitment to excellence in healthcare delivery.

In the 2024/25 financial year, KUTRRH provided healthcare services to a total of 386,978 patients, comprising 237,784 outpatients and 149,194 inpatients, representing a significant contribution to national health outcomes. The Hospital's staff complement grew to over 2,000 dedicated professionals, whose expertise and commitment have been instrumental in enhancing patient care and operational performance.

In support of the Government's Bottom-Up Economic Transformation Agenda (BETA) pillar of Universal Health Coverage (UHC), the Hospital successfully implemented the Social Health Insurance Fund (SHIF) from 1st October 2024, thereby facilitating access to healthcare for Kenyans. The Hospital has also implemented the Emergency, Chronic, and Critical Illness Fund (ECCIF).

KUTRRH's portfolio of specialized services continued to expand, with remarkable achievements across several departments. The Hospital successfully conducted its inaugural kidney transplants, completing four procedures, and registered significant outputs in oncology with 25,261 chemotherapy sessions, 18,686 radiotherapy treatments, and 165 CyberKnife interventions. Diagnostic services were further strengthened, with 4,377 PET/CT scans, 3,011 endoscopies and 1,094 PSMA procedures conducted during the year. The surgical division recorded, 829 Cathlab procedures, 3,731 major surgeries, inclusive of 59 breast reconstruction procedures and 42 open-heart surgeries, while renal services provided 11,710 dialysis sessions to patients requiring long-term care.

Notably, KUTRRH made significant progress in research and regional collaboration through a high-impact, multi-county oesophageal cancer research initiative supported by the National Institute for Health and Care Research (NIHR), United Kingdom. The project engaged

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communities in five counties i.e. Kiambu, Nyeri, Meru, Kisii and Nakuru facilitated the screening of over 1,500 individuals and successfully scoped more than 370 cases using the mobile endoscopy unit.

The Hospital's commitment to human capital development was evident in the graduation of 39 specialized nurses and the provision of internship, attachment, and clinical rotation opportunities to over 1,500 students. Fellowship training in surgery, internal medicine, and anaesthesia was also conducted for five doctors.

In recognition of the efforts made, KUTRRH was honoured with the 2024 Health Sector Leader in Digital Innovation award. The Hospital Management Information System (HMIS) was further recognized as the best in the sector by the Ministry of ICT and the Digital Economy. These milestones were complemented by the attainment of ISO 9001:2015 Quality Management Systems certification, ISO 27001:2013 Information Security Management certification, and ISO 15189 accreditation for the Hospital's laboratory.

In pursuit of operational efficiency and transparency, all services were successfully integrated with the e-Citizen platform, through which all patients accessed care. Community engagement and social responsibility remained central to our strategy, as the Hospital conducted eight free medical camps and, in partnership with Operation Smile Kenya, facilitated cleft lip and palate surgeries for 37 patients.

The Hospital also enhanced its environmental sustainability measures by installing a second energy-efficient medical waste incinerator capable of processing 150 kilograms per hour. The system will not only support responsible waste management but also contribute to energy efficiency by heating water for hospital use. KUTRRH further supported other healthcare institutions by supplying 6,691 cubic meters of medical oxygen and distributing radioisotopes to select hospitals across the country. The Hospital also planted 57,645 trees in Elgeyo Marakwet and within its compound, aligning with national climate change mitigation goals.

This success would not have been possible without the steadfast support of the Government of Kenya through the Ministry of Health, the visionary leadership of the Board of Directors, the exceptional commitment of our staff, and the contribution of our development partners and collaborators. As we look ahead, KUTRRH remains resolute in its pursuit of excellence and fully

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committed to the implementation of the Hospital's Strategic and Vision Plan (2023–2028), ensuring that the institution continues to deliver world-class healthcare, training, and research in service to the people of Kenya and the region.

Name **DR. ZEINAB GUDA** Signature  Date **04/12/2025**

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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

KUTRRH has developed a Strategic Plan for the period 2023-2028. The plan has 11 strategic pillars that guide development activities. These strategic pillars are as follows:

- i) Excellent and evidence based clinical services
- ii) Physical and technological infrastructure
- iii) Development of high calibre clinical and non-clinical staff
- iv) Training and capacity building
- v) Research and innovation
- vi) Partnerships, networks and collaborations
- vii) Communication, branding and marketing
- viii) Community health outreach and extension
- ix) Hospital advancement and resource mobilization
- x) Leadership, governance and management
- xi) Quality assurance and monitoring and evaluation

KUTRRH develops its annual work plans based on the above 11 pillars. 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 2024/25 period for its 11 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Excellent and Evidence Based clinical services	Provide values based clinical services to all KUTRRH patients	Increase in the number of patients	Increase the number of patients being seen at the Specialised Clinics	40,453 patients
		No. of dialysis sessions	Increase the number of Dialysis sessions	10830 dialysis sessions
		No. of kidney transplants	Perform 8 kidney transplant	4 transplant conducted
		Bed occupancy	Increase hospital bed capacity to 100%	78% occupancy achieved

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Strategic Pillar	Objective	Key Performance Indicators		Activities	Achievements
		No. of major Surgeries		Perform 3200 major Surgeries	3,289 major surgeries
		No. of minor Surgeries		Perform 2500 minor Surgeries	2,190 minor surgeries
		No. of MRIs		Carry out 3200 MRI Scans	5,607 scans carried out
		No. of CTs		Carry out 9000 CT Scans	10,079 Scans carried out
		No. PET/CT Scans		Carry out 6000 PET/CT Scans	4377 scans carried out
		No. of SPECT/CT Scans		Carry out 500 SPECT/CT Scans	65 scans carried out
		No. of Laboratory Tests		Carry out 250,000 laboratory Diagnostic Tests	342,570 tests carried out
		Availability of essential pharmaceuticals for hospital services offered.		Ensure 80% availability of essential pharmaceuticals for hospital services offered.	65% availability
		No. of chemotherapy sessions		Administer 15,000 Radiotherapy sessions	17,460 sessions administered
		No. of Radiotherapy sessions		Administer 12,550 radiotherapy sessions	14,142 sessions administered
Physical and technological infrastructure	To provide quality State of the Art physical infrastructure for delivery of healthcare	Completion rate	Expansion of the Cancer Centre	95% completion	

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Development of high caliber clinical and non-clinical staff	To attract, motivate and retain qualified staff	No. of youths engaged	Engage 290 Youths in internship/industrial attachment	494 youths engaged
		TNA in place	Carry out Training Needs Assessment	100%
		Skills Gap Analysis in place	Conduct Skills Gap Analysis	100%
Training and capacity building	To offer programs which are responsive to the needs of staff and the society	No. of students enrolled	Student enrolment in the Institute of Specialized Nursing	67 Students enrolled
		No. of staff Trained	Conduct internal and external trainings for Staff	277 staff trained
Partnerships, networks and collaborations	To mainstream collaborations and partnerships	No. of partnerships	Establish 3 local Partnerships and Collaborations	No new partnerships established
Research and innovation	To build research capacity in the hospital	No. of Research Proposals Submitted	Develop and submit research proposals	20 Research proposals
		No. of Research conducted	Conduct research	3 Researches conducted
		No. of Published Research Articles	Publish Research Articles	4 articles published
		No. of innovations identified and incubated	Identify and incubate innovations	5 innovations incubated
Communication, branding	To create and enhance KUTRRH	Plan in place	Development of marketing and branding plan	Plan not in place

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
and marketing	corporate image	Functional website	Develop and continuously update an interactive and friendly website	Functional website
		Interactive social media pages	Open and continuously update Hospital accounts with social media apps (twitter, Facebook etc.)	Interactive social media pages
Community health outreach and extension	Institutionalise Community health outreach	No. of programmes	Undertake Community outreach programmes	8 outreaches undertaken
Hospital advancement and resource mobilization	To enhance revenue base for effective implementation of Hospital programs	Absorption rate	Absorption of Allocated Funds (GoK)	100% absorption rate
		Amount of funds raised	Raise A-in-A	4.2B shillings raised
		Pending Bills	Ensure pending bills are below 1% of the annual budget	The Hospital had pending bills amounting to 15% of the total budget at the end of the year
Leadership, governance and management	To institutionalize effective and efficient governance structures	Implementation rate	Implementation of Citizen Service Delivery Charter	100% implementation achieved
		Score from CAJ	Resolution of Public Complaints	100% score from CAJ
Quality assurance and monitoring and evaluation	To institutionalize quality assurance in all the	No. of policies developed	Development of Hospital Policies	7 policies developed and approved
		Number of SOPs developed	Development of Standard	65 SOPs developed and approved

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	Hospital operations		Operating Procedures	
		Certification of Management System	ISO Certification for Management System	ISO 9001 Quality Management System and ISO 27001 Information Security Management System Certification achieved, ISO 15189 Laboratory Accreditation achieved
	Operate a robust Monitoring and Evaluation System	Number of reports prepared	Preparation of quarterly and annual performance reports	Quarterly prepared, approved and submitted
		Number of reports prepared	Preparation annual performance reports	Annual reports prepared, approved and submitted

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8. Corporate Governance Statement

Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) is a State Corporation and is registered under Legal Notice No. 4 of the State Corporations Act as a Level 6 Referral Hospital. The Hospital Board was inaugurated by the Cabinet Secretary, Ministry of Health, on Monday, 8th April 2019 and subsequently opened its doors to the public on 28th October 2019.

The Hospital has the Board as the apex decision making organ which sets the direction for good corporate governance underpinned by effective leadership, oversight and management accountability based on a sound and ethical foundation.

The KUTRRH Board of Directors acknowledges the significant role of good corporate governance guided by the State Corporations Act Cap 446, Leadership and Integrity Act 2012, Public Officers Ethics Act 2003, Legal Notice No. 4 of 2019, Health Act of 2017 and Mwongozo Code of Governance for State Corporations. This entails the processes and structures used to direct and manage the affairs of the Hospital, the framework for internal controls and the respective roles of individual Board Members and management.

THE COMPOSITION OF THE BOARD OF DIRECTORS

The current Board comprises nine [9] members as per Legal No. 4 of 2019 and Legal Notice No.39 of 1st March 2021. The Board is comprised of an appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively. The independent members have diverse skills, experience, and backgrounds necessary for the board to execute its mandate. They are principally free from any business relationship that could hamper their objectivity or judgment in terms of the business and activities of the hospital. The roles of the Chairperson and the Chief Executive Officer are separate, with their individual responsibilities clearly defined. The Chairperson is an independent non-executive Board member and is responsible for leading the Board and ensuring its effectiveness. The Chief Executive is responsible for the execution of the Hospitals strategy, and the day-to-day business of the Hospital.

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THE ROLE OF THE BOARD

The functions of the Board are provided for in the Legal Notice No. 4 of 2019 Section 7 (1) as follows:

- i) Receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care.
- ii) Provide facilities for medical education for the Kenyatta University and for research either directly or through other co-operating health institutions.
- iii) Provide facilities for education and training in nursing and other health and allied institutions.
- iv) Participate, as a national referred hospital, in national health planning.
- v) Collect, analyze and disseminate all data useful in the prevention, diagnosis and treatment of cancer and other chronic diseases.
- vi) Provide access to available information and technical assistance to all institutions, associations and organizations concerned with the welfare and treatment of persons with chronic diseases, including those controlled and managed by the Government.
- vii) Administer the property and funds of the Referral Hospital in such a manner and for such purposes as will, in the opinion of the Board, promote its best interests.
- viii) Receive on behalf of the Referral Hospital grants in aid, gifts, donations, fees, subscriptions or other moneys and approve disbursement.
- ix) Advise the Cabinet Secretary on policy matters relating to the treatment and care of persons with cancer and chronic diseases and to advise on the relative priorities to be given to the implementation of specific measures; and
- x) Do or perform all other necessary functions or activities of a National Teaching, Research and Referral Hospital, including undertaking of any ventures for the purposes of raising revenues for the purposes of funding its activities wholly or in part.

To effectively discharge these roles, the Board of Directors has full access to the Chief Executive Officer and to relevant hospital information. Existing regulatory instruments also allow them to seek independent professional advice on Hospital matters, where necessary, at the expense of the Hospital.

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BOARD MEETINGS AND ATTENDANCE

The Board has an annual almanac to guide its activities and meetings within the year. The Board and its Committees meet at least once in every quarter or more depending on the requirements of the business and has a formal schedule of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making. The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication.

BOARD CHARTER

The Board has a Board Charter in place duly approved by the Board to guide its functions and operations. The Board Charter

APPOINTMENT AND REMOVAL OF THE DIRECTORS

The Board Charter stipulates the procedure for appointment and removal of Board members to the Board.

CAPACITY BUILDING AND INDUCTION FOR THE BOARD

To enhance capacity building for the directors, the Board has a training programme that is developed based on individual skills requirements and the Board expectations. On appointment the directors are inducted to the operations of the Board and issued with the Board operational instruments to guide them in executing their oversight mandate.

PERFORMANCE OF THE BOARD

The State Corporations Advisory Committee (SCAC) conducts annual Board evaluations upon which the Board and each member is evaluated. The Evaluation Report is presented to the Board in a formal meeting where the results are shared to the Board and an improvement plan developed for the Board based on the evaluation.

BOARD REMUNERATION

The Board is remunerated as per the SCAC guidelines and circulars issued from the Head of Public Service from time to time.

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TRANSPARENCY AND ACCOUNTABILITY

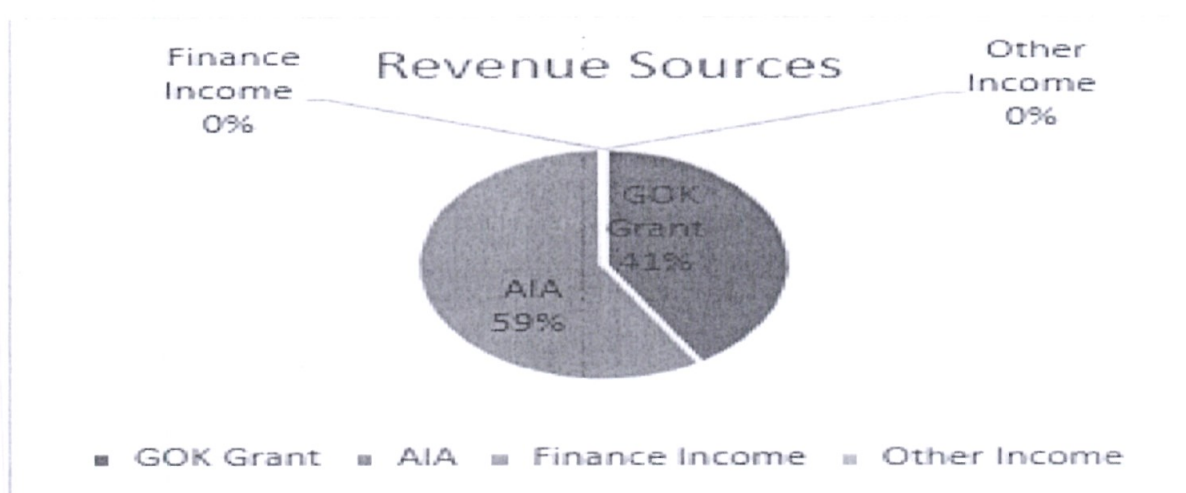
To ensure transparency and accountability the Board members are required to declare any conflicts of interest before deliberations on the agenda items. The Board maintains a conflict-of-interest register.

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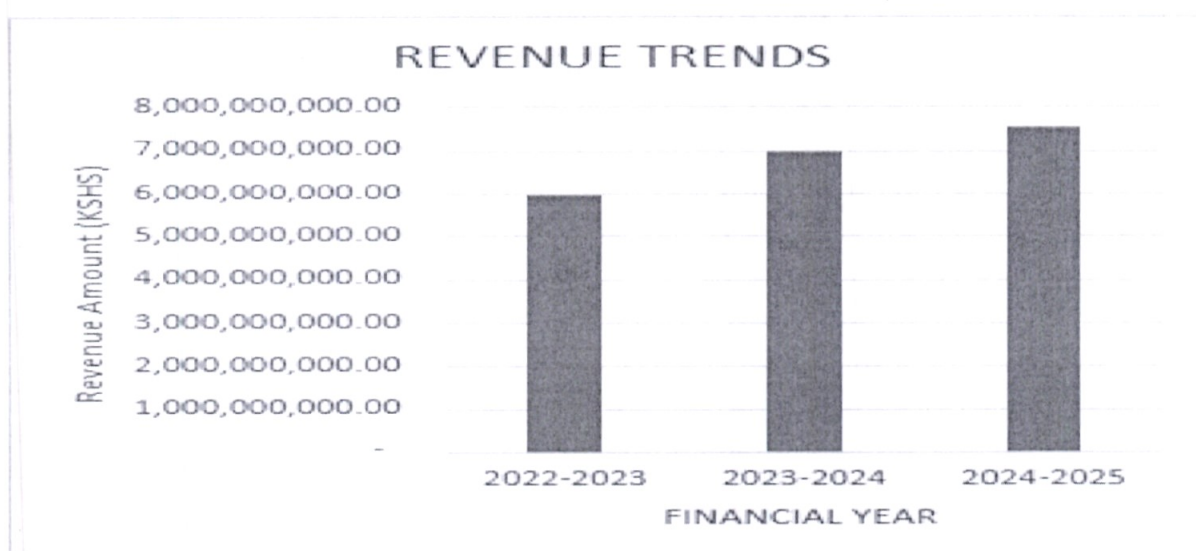
9. Management Discussion and Analysis

The Hospital revenue comprises of grants from the National Government, fee charged for services rendered, public contributions and donations, grants from development partners and interest income. During the year under review, revenue grew by 6% from Kshs.6.9 billion reported in the FY 2023/24 to Kshs.7.4 billion. The sources of revenue for the year under review and the trend over the last three years are as depicted in the charts below:

Revenue Sources



Revenue Trends



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Performance results

Despite the growth in revenue generation, the hospital recorded a deficit of Kshs 526.4 million during the year under review a significant improvement from the previous year's loss of Kshs 1.4 billion. This deficit performance is largely attributed to:

Funding Gap

The government allocates grants to the hospital to cater for personnel emoluments and capital expenditure. Over the years, the funding gap between recurrent grant allocations towards employee costs has been growing and as a result, the Hospital bridges the underfunding through internally generated funds that is meant to cater for operational costs. Consequently, this adversely affects financial sustainability of the hospital. The funding gap on employee costs over the last 2 years is as tabulated below:

Details	2024-2025 Kshs (M)	2023-2024 Kshs (M)
Recurrent Grant from Gok (Personnel Emoluments)	3,016	2,625
Employees Cost	4,613	4,099
Under funding	(1,597)	(1,474)

KUTRRH Key Projects

a) Extension of Cancer centre

The hospital also started construction of the extension to the Oncology centre. The expected patient influx necessitates the Oncology Centre to be expanded by additional floor space to the existing centre. The Oncology Extension building will cover three floors and will have an additional 60 beds, Doctor and Nurses Offices, Staff and Conference rooms and Patient Consultation Rooms.

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b) KUTRRH Gatundu Level Five Hospital Collaboration

A Memorandum of Understanding (MoU) was signed on 10th September 2020 between the Ministry of Health through KUTRRH and the County Government of Kiambu on collaboration in the management of Gatundu Level five Hospital for a duration of five years. The areas of collaboration per the MoU were as follows:

- (i) Provision of Health care service delivery and referral
- (ii) Infrastructural development and modernization of equipment
- (iii) Sharing of Human Resources for health (HRH)
- (iv) Sharing and development of Health Products and Technology
- (v) Sharing of Health Information and Management System
- (vi) Training, Research, and Innovation
- (vii) Leadership and Governance

The MoU guided joint initiatives that improved service delivery and enhanced patient access to care. With the agreed period of collaboration almost having run its course, KUTRRH has concluded its human resource support and transitioned staff back to the institution. The collaboration served as a valuable learning experience in strengthening referral systems, joint management, and integrated health service delivery.

Construction of the Gatundu Level Five Hospital Tower II

KUTRRH and the County Government of Kiambu embarked on operationalization of the MOU in October 2020. With the completion the first phase of physical infrastructural renovations in 2021, there was an increased number of patients seeking health services at Gatundu Hospital due to improved infrastructure and service delivery, thus overstretching the existing facilities. This created a need for expansion of the physical infrastructure namely Tower II. Tower II was to not only serve the increased number of patients but also host much needed services that cannot be housed in Tower I, as listed here below:

- **Ground Floor:** Modern Accident and Emergency Centre
- **First Floor:** Reproductive Health Centre, Family Planning & Gynecology Wards
- **Second Floor:** Pediatric Wards, Newborn Unit(including wards) , Intermediate Care Unit (IMC)
- **Third Floor:** Expansion of Male and Female Medical Wards
- **Fourth Floor:** Cancer Care Centre

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Construction has been completed, and the project is at the final stages of payment and handover. Once operational, Tower II will significantly enhance the hospital's ability to meet the growing healthcare needs of the surrounding communities.

10. Environmental and Sustainability Reporting

KUTRRH exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the patient first, delivering quality patient centred care, and improving operational excellence.

KUTRRH has aligned its sustainability priorities with the **Constitution of Kenya (2010)**, the **Sustainable Development Goals (SDGs)** — particularly SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action). Below is an outline of the hospital's policies and activities that promote sustainability.

i. Sustainability strategy and profile

KUTRRH is committed to sustainable development in line with the Constitution of Kenya 2010. The Hospital has therefore developed a Strategic and Vision Plan to guide its operations in the next 5 years. The plan sets out priorities for the Board and Management and gives a guide on the benchmarks both local and international. The plan was developed in the year 2023/24 and implementation is ongoing.

One of the main factors affecting sustainability priorities is inadequate funding. To address this, the Hospital Board has come up with robust resource mobilisation and Hospital advancement activities that will help in raising funds for funding the various programmes.

ii. Environmental performance

The Hospital Board and Management ensures that all operations and new developments are environmentally sound and are within the requirements of Environmental Management Act. The Hospital has therefore conducted Annual Environmental Audits and Safety Audits and Fire Safety Audits. Implementation of the audits recommendations is ongoing.

Hospital Waste management is carried as per NEMA regulations with the Hospital operating a modern Incinerator Plant. Where outsourcing is done for waste management, we ensure that the contracted companies are licenced by NEMA and that they deploy proper waste management practices.

These efforts align with SDG 12 and SDG 13.

iii. Employee welfare

KUTRRH recognizes that employee welfare is central to service delivery. Recruitment and HR practices are guided by the Human Resource Policy and Procedures Manual, which incorporates

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principles of inclusivity, equity, and diversity. The Hospital also follows the approved Human Resource Instruments during recruitment. Career development is supported by training, workshops, and capacity-building initiatives. The institution has also established a Staff Pension Scheme and provides a generous medical scheme to cater for employee welfare. A staff welfare programme has also been established. A Staff Performance Management System has been established to guide staff performance and appraisals

Matters Occupational Health and Safety are taken very seriously, and the Hospital has complied with Occupational Safety and Health Act of 2007(OSHA). OSHA Audits have been carried out and recommendations implemented. The Hospital is registered as a Workplace by Directorate of Occupation Safety and Health in the Ministry of Labour.

iv. **Market place practices-**

a. **Responsible competition practice.**

KUTRRH has taken steps to ensure responsible competition practices in its operations. This includes pricing services and consumables fairly to ensure patients afford quality healthcare in the hospital. The hospital also has working relationships with other private, county and national referral hospitals which facilitates referrals of patients in and out of the hospital.

The hospital's marketing policy which guides all marketing activities has been written in line with Competition Authority of Kenya requirements.

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

The hospital adheres to the Public Procurement and Asset Disposal Act in its procurement processes. Suppliers are issued with Local Purchase Orders (LPOs) and Local Service Orders (LSOs) only when there is availability of funds to pay them. Contracts and Service agreements are also entered in to after the hospital has acquired the necessary budget allocation to fund them. This ensures that suppliers and other service providers are paid within the mutually agreed credit period. KUTRRH also gives priority to Women, Youth and People Living with Disabilities with AGPO certification to supply goods and services to the institution.

c. **Responsible marketing and advertisement**

- All marketing communications are based on truth. They must be legal, truthful, and not misleading in the public's eye. All communications are thoroughly prepared before they get issued and released to the target audience. In addition, all marketing communications

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are prepared with a due sense of social and professional responsibility and conform to the principles of fair competition, as generally accepted in business.

- All information that is received by the hospital during its marketing activities and communications is treated as confidential information. The hospital ensures that it does not abuse the trust given to it by its audience or customers and ensures that information such as names, addresses, and other private and personal information shall be kept securely and shall not be used for non-business matters.
- The hospital has a responsibility to ensure that all its marketing activities and communications will always respect human dignity and will not incite or condone any form of discrimination. Marketing communications will not without justifiable reason play on fear or exploit misfortune or suffering. Marketing communications will not appear to condone or incite violent, unlawful, or anti-social behaviour among its customers.

d. Product stewardship

The hospital has put in place the following measures to safeguard consumer rights and interests:

- Release of patient bills and medical information only to authorised next of kin to safeguard confidentiality of patients' information.
- Provision of emergency medical care to patients regardless of financial status.
- Hiring of highly specialised medical staff to ensure patients receive the highest level of treatment possible.
- Availing different modes of payment to suit patients' convenience.
- Establishment of a robust patient liaison office to update next of kin of patient progress and respond to customer feedback.

e. Corporate Social Responsibility / Community Engagements

Majority of Kenyans have limited access to quality health care because they are too poor to afford travel and user charges in referral facilities. To reduce this burden of disease among poor Kenyans, Kenyatta University Teaching Research and Referral Hospital has developed initiatives that are aimed at offering quality health care to the poor at minimal or no cost at all. The hospital mobilizes resources to undertake such initiatives to assist the community living around it and beyond. Two

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community outreach programmes were carried out in the surrounding community. The Hospital also marked World Health Days like World Kidney Day and World AIDS Day where members of the community were engaged, and health advocacy carried out.

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11. Report of the Directors

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

i) Principal activities

The principal activities of the Hospital continue to be.

1. To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care.
2. To provide facilities for medical education for university and for Research either directly or through other cooperating health institutions.
3. To provide facilities for education and training in nursing and other health and allied professions.

To participate as a national referral Hospital in national health Planning

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page xiii-xviii.


iv) Surplus remission

The Entity did not make any surplus during the year FY 2025 and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of KUTRRH in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the KUTRRH for the year/period ended June 30, 2025.

By Order of the Board


.....
Name **CS. SUSAN KIHATO**
Corporation Secretary/Secretary to the Board

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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Legal Notice Number 4 of the State Corporations Act Cap. 446 requires the Directors to prepare financial statements in respect of that which give a true and fair view of the state of affairs of the KUTRRH at the end of the period and the operating results of the KUTRRH for that year/period. The Directors are also required to ensure that the KUTRRH keeps proper accounting records which disclose with reasonable accuracy the financial position of the KUTRRH. The Directors are also responsible for safeguarding the assets of the KUTRRH.

The Directors are responsible for the preparation and presentation of the KUTRRH's financial statements, which give a true and fair view of the state of affairs of the KUTRRH for and as at the end of the year 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 KUTRRH.
- 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 KUTRRH.
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KUTRRH's annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) –

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

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

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for the year ended June 30, 2025.

Approval of the financial statements

KUTRRH financial statements were approved by the Board on 28/08 2025 and signed on its behalf by:



.....
Name **James Kibugu Hambu**
Chairperson of the Board/Council



.....
Name **DR. ZEINAB GUMA**
Accounting Officer

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY TEACHING REFERRAL & RESEARCH HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenyatta University Teaching Referral & Research Hospital set out on pages 1 to 54, 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 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 Kenyatta University Teaching Referral & Research Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice No. 4 of 25 January 2019 of the State Corporation Act CAP 446 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Employee Costs

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects employee costs amount of Kshs.4,612,650,229. The amount includes housing benefits and allowances of Kshs.416,339,062 out of which Kshs.780,000 was paid to various members of staff in excess of the approved rates and an amount of Kshs.1,986,729 was paid using lower rates. Further, commuter allowance amount of Kshs.1,814,000 was paid to various staff above the approved rates while Ksh.1,517,135 was paid using lower rates.

In the circumstances, the accuracy of employee costs of Kshs.4,612,650,229 could not be confirmed.

2. Unsupported Waiver of Patient Bills

The statement of financial performance and Note 17(a) to the financial statements reflects impairment of receivables amount of Kshs.139,270,498. The amount relates to waivers granted to patients due to their inability to pay for services rendered which was not supported by documents such as assessment reports and reasons for the waivers. In addition, a four-year trend analysis from 2021/2022 financial year revealed accumulated patient waiver amount of Kshs.699,781,907 to 30 June 2025.

In the circumstances, the accuracy and completeness of impairment of receivables amount of Kshs.139,270,498 could not be confirmed.

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

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.526,433,084 from the previous year's deficit of Kshs.1,458,007,559 resulting in further depletion of retained

earnings to negative Kshs.1,447,239,496 from negative Kshs.941,679,405 reported in previous year. In addition, the Hospital has recorded deficits for two consecutive years, which raises concerns about its ability to sustain operations and meet financial obligations as they fall due.

In the circumstances, the Hospital is technically insolvent and may not be able to meet obligations as and when they fall due.

My opinion is not modified in respect of this matter.

Emphasis of Matter

1. Unauthorized Expenditure

The statement of comparison of budget and actual amounts reflects final budget expenses of Kshs.7,556,096,000. However, the approved budget reflects an amount of Kshs.1,346,760,875 for twenty-seven (27) items whose actual expenditure was Kshs.1,710,365,890 resulting to unauthorized over expenditure of Ksh.363,605,015. This was contrary to Regulation 52(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which states that AIE holders shall be made to understand that the limit to which they may spend is that prescribed by the authority and not their expectations, however justified this may seem.

Failure to adhere to budget provisions may affect the planned activities of the Hospital.

2. Inadequacy of Debt Collection Strategies

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,215,655,748 compared to Kshs.1,401,348,757 reported in financial year 2023/2024. However, there was no provision made for the balance of Kshs.1,401,348,757 which has been outstanding for over twelve months. Further, analysis revealed a turnover ratio of 2.36 translating to an average collection period of one hundred and fifty-five (155) days.

In addition, analysis of the ageing analysis revealed that trade receivables of Kshs.595,473,121 has been outstanding for more than one year. In addition, trend analysis revealed that corporate claims of Kshs.127,038,723 were due from twenty (20) providers for three years from 2020/2021 to 2022/2023 while one insurer had unsettled claims of Kshs.213,842,107 for the previous two financial years. Review of billing report revealed unclaimed outpatient bills of Kshs.53,391,255 and inpatient bills of Kshs.365,330,569 from Social Health Authority.

In the circumstances, the financial sustainability of the Hospital is affected due to huge accumulation of debts and the effectiveness of internal controls on collecting receivables could not be confirmed.

3. Long Outstanding Payables

The statement of financial position and as disclosed in Note 25 to the financial statements reflects trade and other payables balance of Kshs.1,185,771,024.

However, analysis of the ageing analysis revealed that Kshs.147,564,143 has been outstanding for more than one year.

Failure to settle debts when they are due distorts the budgeting process.

My opinion is not modified in respect of these matters.

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 and Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Unresolved Prior Year Matters

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

No.	Audit Issue
1	Inaccuracies in Employee Cost
2	Long Outstanding Receivables from Exchange Transactions
3	Land Without Ownership Documents
4	Budgetary Control and Performance
5	Delayed Delivery of Computers
6	Delayed Completion of Cancer Centre
7	Stalled Children Hospital Project
8	Non-Compliance with the Ethnicity Representation

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Ethnicity Rule

Analysis of the staff compliment revealed that 43% of the employees were from one ethnic community. In addition, 34% of employees recruited during the year were from the one ethnic group. This was contrary to Section 7(2) of the National Cohesion and Integration Act 2008 states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Procurement Irregularities

Review of the procurement processes during the year under following unsatisfactory matters were noted;

2.1. Irregular Extension of Contracts

Analysis of purchase orders revealed that goods valued at Kshs.351,111,314 were procured from various suppliers whose contracts ended in the year 2023 and Management extended these contracts and continued to trade with them without competitive bidding. This was contrary to Section 131(2) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity, on the recommendation of an evaluation committee, may approve the request for the following, which request shall be accompanied by a certificate from the tenderer making a justification for such cost (a) extension of contract period.

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

2.2. Unsupported Legal Fees

Use of goods and services amount includes legal costs amount of Kshs.3,235,650. However, review of payment records revealed that the procurement of legal services did not indicate clear terms of engagement and contract details including contract number, contract sum, contract start date. This was contrary to Section 68(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity shall keep records for each procurement for at least six

years after the resulting contract has been completed or, if no contract resulted, after the procurement proceedings were terminated.

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

2.3. Failure to Use E-Procurement System

It was noted that Management did not use an E-procurement system. This was contrary to Regulation 54 of the Public Procurement and Asset Disposal Regulation, 2020 which requires procuring entities to have an e-procurement system to carry out the different procuring activities from initiation of the procurement process to the tracking of payments and deliverables among other processes.

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

2.4. Irregular Procurement of Medical Supplies

Review of procurement records revealed that six (6) suppliers were contracted to install laboratory equipment in exchange for supply of laboratory reagents for a period of five years. Subsequently, renewable and reagents of Kshs.139,660,824 were supplied during the year. However, details on the cost of the equipment installed which forms the basis for recouping through supply of reagents were not provided for audit.

In the circumstances, value for money on the reagent's expenditure of Kshs.139,660,824 could not be confirmed.

2.5. Unconfirmed Testing of Health Products

Review of the hospital management system revealed receipts of health medical drugs valued at Kshs.519,659,282 but there was no evidence of inspection and acceptance or testing to confirm that they comply with specifications approved by the Kenya Essential Medicines List of 2023. This was contrary to Section 35D(1)(c) of the Pharmacy and Poisons Act, 2012 which requires the National Quality Control Laboratory to test on behalf of the Government all locally manufactured and imported drugs or medicinal substances to determine whether they comply with the set rules.

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

2.6. Delays in the Procurement Process

Review of fifteen (15) sampled contracts revealed delays in the procurement process from tender opening to contract award for an average 331 days and in one case on the supply of pharmaceuticals, it took 147 days from the tender opening to evaluation and a further 594 days to award the tender. This was contrary to Section 80(6) of the Public Procurement and Asset Disposal Act, 2015 which requires evaluation be carried out within a maximum period of thirty days. In addition, analysis of goods received notes of medical commodities amounting to Kshs.441,235,574 revealed delays in deliveries ranging from 32 to 572 days without corrective actions being taken against the suppliers. This was contrary to Regulation 53(1) and (2) of the Public Finance Management (National Government) Regulation, 2015 states that 'A local purchase order or local service order shall be valid for a period of thirty days from the date of issue.

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

3. Deficiencies in the Procurement Plan

During the year under review, the consolidated procurement plan did not have description of the goods being procured, unit of purchase or issue, and quantity expressed in universally acceptable terms. This was contrary to Regulation 41(a) of the Public Procurement and Assets Disposal Regulation, 2020 which states annual consolidated procurement plan for each procuring entity shall include a detailed breakdown of the goods, works, or services required; and Regulation 42 of the Public Procurement and Assets Disposal Regulation, 2020 which states that Pursuant to section 53(2) of the Act, the annual procurement plan shall be done in accordance with the format specified in the Third Schedule.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Stock Out of Medical Commodities

The statement of financial position and as disclosed in Note 22 to the financial statements reflects inventory balance of Kshs.516,534,172 which includes pharmaceuticals balance of Kshs.69,402,247. However, review of inventory ledger revealed that five hundred and nine (509) commodities were out of stock while ten (10) commodities were below the minimum required stock levels resulting to missed sales amounting to Kshs.34,746,223.

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

2. High Mortality Rates

Analysis of the Hospital mortality data revealed four hundred and thirty-four (434) live births out of which eleven (11) between 0-28 days died and seven (7) women died at

birth translating during the year under review. This translates to neonatal mortality ratio of 25 per 1,000 births and maternal mortality ratio of 1,613 per 100,000 live births. In addition, fifty (50) children under five years also died at the hospital translating into a ratio of 115 per 1,000 live births. These ratios are higher than threshold set out under Sustainable Development Goal number 3 which targets to reduce global maternal mortality ratio by less than 70 per 100,000 live births, neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.

In the circumstances, effectiveness of hospital services in managing mother and baby mortality rates could not be confirmed.

3. Rejected Claims

Analysis of billing reports revealed that four hundred and ninety-nine (499) patients accessed services of Kshs.41,435,823 but the related claims were rejected by the Social Health Authority due to failure to attach required documentation, provision of services beyond insured limits and offering uninsured services.

In the circumstances, the effectiveness of internal controls on management of claims could not be confirmed.

4. Long Waiting Time for Cancer and Cardiology Patients

Review of patient booking records at the Cancer Treatment Centre revealed that patients wait for an average of sixty-two (62) days from the date of the booking to the availability of a clinic. Similarly, patients with heart conditions experience an average waiting period of eighty-two (82) days, with the waiting time ranging from thirty-one (31) to one hundred and thirty (130) days.

In the circumstances, the effectiveness of internal controls on managing cancer and cardiology patients could not be confirmed.

5. Trainings Without Training Needs Assessments

Review of the training schedules revealed that these trainings were conducted without training needs assessments that identifies performance gaps and links the trainings to such gaps.

In the circumstances, the effectiveness of internal controls on assessing training needs could not be confirmed.

6. Underutilized Hospital Management Information System

The statement of financial performance reflects total expenses of Kshs.7,980,022,425. It was noted that Management procured a Hospital Management Information System (HMIS) in 2019 at a contract sum of Kshs.69,819,660. However, the expenditure modules have not been utilized since the system was procured and transactions were manually recorded on an excel sheet without clear references to budget and ledger entries.

In the circumstances, the effectiveness of internal controls on recording expenditures could not be confirmed.

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

Responsibilities of the Management and Board of Directors

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

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

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

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

The Board of Directors 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

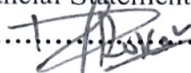

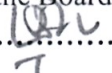
05 December, 2025

KENYATTA UNIVERSITY TEACHING REFERRAL & RESEARCH HOSPITAL
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14. Statement of Financial Performance for the year ended 30 June 2025

		2024-2025	2023-2024
	Notes	Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from GOK	6	3,016,596,004	2,985,999,996
Public Contributions and donations	7	-	2,773,356
Gatundu Transfers	26	167,103,797	355,635,963
		3,183,699,801	3,344,409,315
Revenue from exchange transactions			
Rendering of services	8	4,261,069,580	3,610,239,632
Finance Income	9	5,499,959	29,369,962
Other Income	10	3,320,000	6,961,500
		4,269,889,539	3,646,571,093
Total revenue		7,453,589,340	6,990,980,408
Expenses			
Use of goods and services	11	1,946,874,499	2,478,429,174
Employee costs	12	4,612,650,229	4,099,600,670
Board Expenses	13	22,485,932	22,255,619
Depreciation and amortization expense	14	690,788,880	723,540,637
Repairs and Maintenance	15	59,446,918	116,016,161
Contracted services	16	271,987,821	312,755,111
Impairment of Receivables	17(a)	139,270,498	173,682,455
Provision for bad debts	17(b)	61,689,592	123,973,921
Contract Loss	17(c)	7,724,258	43,098,257
Gatundu Level 5 Hospital Transfers	27(a)	167,103,797	355,635,963
Total expenses		7,980,022,425	8,448,987,967
Other gains/(losses)			
Surplus/Deficit before Tax		(526,433,084)	(1,458,007,559)
Taxation			
Surplus/Deficit for the period		(526,433,084)	(1,458,007,559)

The notes set out on pages 9 to 41 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

.....   

Name: **Dr. Zeinab Amin** Name: **Edward Mwangi** Name: **James Kibugu Wambui**

Accounting Officer Head of Finance Chairman of the Board

Date **04/12/25** Date **04/12/2025** Date **04/12/25**




KENYATTA UNIVERSITY TEACHING REFERRAL & RESEARCH HOSPITAL
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15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18	244,246,565	668,907,383
Receivables from Exchange Transactions	19	2,215,655,748	1,401,348,757
Prepayments	20	89,356,719	103,807,776
Receivables from Non-Exchange Transactions	21	359,716,334	248,833,333
Inventories	22	516,534,172	296,748,951
		3,425,509,537	2,719,646,199
Non-current assets			
Property, plant and equipment	23	9,310,529,833	9,612,365,664
Intangible assets	24	39,199,883	47,233,754
Total Assets		12,775,239,252	12,379,245,617
Liabilities			
Current liabilities			
Trade and Other Payables	25	1,185,771,024	519,421,485
Employee benefit obligation	26	1,464,558,724	859,597,115
Gatundu funds	27(b)	118,878,844	433,100,270
Refundable Deposits and Prepayments from Customers	27	4,407,531	11,532,530
NIHR	28	40,066,225	93,477,221
Total liabilities		2,813,682,348	1,917,128,622
Net assets		9,961,556,903	10,462,116,994
Financed By:			
Capital Fund		11,408,796,399	11,403,796,399
Accumulated surplus/Deficit		(1,447,239,496)	(941,679,405)
Total net assets and liabilities		9,961,556,903	10,462,116,994

KENYATTA UNIVERSITY TEACHING REFERRAL & RESEARCH HOSPITAL
Annual Report and Financial Statements
for the year ended June 30, 2025.

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

		
Name <u>Dr. ZEINDA GUPTA</u>	Name <u>Edward Mwandia</u>	Name <u>James Kibugu Wambu</u>
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK Member Number: <u>20119</u>	
Date <u>04/12/25</u>	Date <u>04/12/25</u>	Date <u>04/12/25</u>

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16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Retained earnings	Capital/Development Grants/ Funds	Total
	Kshs	Kshs	Kshs
As at June 30, 2024	(941,679,405)	11,403,796,399	10,462,116,994
Prior year adjustment	20,872,994		20,872,994
Donations in Cash	-	5,000,000	5,000,000
(Deficit) for the year	(526,433,084)		(526,433,084)
As at June 30, 2025	(1,447,239,496)	11,408,796,399	9,961,556,903

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17. Statement of Cash Flows for the year ended 30 June 2025

		2024-2025	2023-2024
	Notes	Kshs	Kshs
Cash flows from Operating Activities			
Receipts			
Transfers from other governments entities		2,905,713,003	3,444,916,662
Public contributions and donations		5,000,000	2,773,356
Rendering of services		3,235,304,636	3,147,559,205
Finance Income		4,468,565	29,369,962
NIHR		97,404,723	93,477,221
Total Receipts		6,247,890,927	6,718,096,406
Payments			
Use of Goods and Services		(1,642,846,081)	(2,456,800,270)
Employee costs		(4,140,349,722)	(3,735,833,241)
Board Expenses		(22,650,744)	(21,393,753)
Repairs and maintenance		(27,258,915)	(55,812,303)
Contracted services		(280,030,308)	(269,950,363)
Gatundu Transfers		(164,458,393)	(201,001,895)
NIHR		(112,424,659)	
Total Payments		(6,390,018,822)	(6,740,791,824)
Net cash flows from/(used in) operating activities		(142,127,895)	(22,695,418)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(282,532,922)	(459,069,175)
Purchase of PPE and Intangible assets		-	-
Proceeds from sale of PPE		-	-
Purchase of investments		-	-
Sale of investments		-	-
Net cash flows from/(used in) investing activities		(282,532,922)	(459,069,175)

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		2024-2025	2023-2024
	Notes	Kshs	Kshs
Cash flows from financing activities			
Increase in deposits		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Capital Grants		-	25,000,000
Net cash flows from financing Activities		-	25,000,000
Net increase/(decrease) in cash and cash equivalents		(424,660,817)	(456,764,593)
Cash and cash equivalents at 1st July 2024	18	668,907,383	1,125,671,977
Cash and cash equivalents at 30th June 2025		244,246,565	668,907,383

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=a+b	d	e	f=d/c
	Kshs		Kshs	Kshs	Kshs	
Revenue						
Government grants and subsidies	2,366,596,000	650,000,000	3,016,596,000	3,016,596,004	(4)	100.00%
Rendering of services	3,139,500,000	1,400,000,000	4,539,500,000	4,269,889,539	(269,610,461)	94.06%
Donations	-		-	-	-	0.00%
Total income	5,506,096,000	2,050,000,000	7,556,096,000	7,286,485,543	(269,610,465)	96.43%
Expenses						
Compensation of employees	3,241,241,839	1,217,156,337	4,458,398,176	4,612,650,229	(154,252,053)	103.46%
Use of goods & services	1,217,809,778	829,323,979	2,047,133,757	1,380,933,998	666,199,759	67.46%
Board Expenses	30,000,000	(7,000,000)	23,000,000	22,485,932	514,068	97.76%
Operating cost	621,973,855	177,799,105	799,772,960	897,375,240	(97,602,280)	112.20%
Capital Expenditure	395,070,528	(167,279,421)	227,791,107	380,919,178	(153,128,071)	167.22%
Total expenditure	5,506,096,000	2,050,000,000	7,556,096,000	7,294,364,578	261,731,422	96.54%
Surplus /Deficit for the period		-	-	(526,433,084)	(7,879,043)	

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Budget notes

1. The initial recurrent budget for the FY 2024/2025 was Kes 5,506,096,000. This comprised of Kes 2,366,596,000 for recurrent capitation, and Kes 3,139,500,000 in Appropriations-in-Aid (AIA). The hospital was also allocated kes 50,000,000 under development for the Cancer Centre extension. This budget was revised by additional kes 2,050,000,000 through supplementary II allocation of kes 650 million recurrent and kes 1.4 billion appropriation in aid (AIA) translating to a total revised budget of kes 7,556,096,000. The hospital has received the entire allocation. The budget for development under the Cancer Center extension was however revised downward from Kes 50 million to Kes 25 million which was also disbursed to the hospital.
2. KUTRRH had budgeted AIA collection of Kes. 4,539,500,000 from rendering of services in the year. Revenue generated was Kes. 4.269 billion (94% performance). This is attributed to the low uptake of IMIC and Cyberknife services, which experienced operational challenges. The budget cuts at the beginning of the financial year also impacted on the revenue due to challenges with payment of suppliers which resulted in limited supplies for drugs and other commodities.
3. The Hospital had budgeted to spend Kes 4,458,398,176 on employment costs as well as staff medical cover, but the actual amount spent was Kes 4,612,652,634. This translates to 103% budget utilization which is within the allowable threshold of 110%. The management is hopeful to secure more recurrent funding using the newly approved HR instruments which have already been submitted to National treasury.
4. The Hospital had budgeted to spend Kes 2,047,133,757 on use of goods and services, but the actual amount spent was Kes 1,380,859,998. This translates to 67% budget utilization. Reason being that many of the suppliers have not been paid
5. The Hospital had budgeted to spend Kes 799,772,960 for Operation expenses, but the actual amount spent was Kes 893,304,117 This translates to 11.37% which is within expected utilization.
6. The hospital had budgeted to spend Kes 220,791,107 for the purchase of other capital assets the actual amount spent was Kes 379,659,952 this resulted to over utilization by 67%. This was due to the inadequate allocation.

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19. Notes to the Financial Statements

1. General Information

KUTRRH is established by and derives its authority and accountability from the Legal Notice No. 4 of 25th January 2019 of the State Corporations Act (Cap 446). The hospital is owned by the Government of Kenya and is domiciled in Kenya. The hospital's principal activity is to receive patients on referral basis from other hospitals or institutions within or outside Kenya for specialized health care.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

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

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Standard	Effective date and impact:
	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>
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</p>

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Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

KUTRRH did not early – adopt any new or amended standards in the FY 2024/25.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Grants from National Government

Recurrent grants from the Government are recognized in the statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate. Recurrent grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Hospital with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

Development grants whose primary condition is that the Hospital should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to capital reserve on completion/acquisition.

Donor funded projects grants: Grants received for donor funded projects are recognized in statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.

Public contributions and donations Cash donations: Income from endowments, donations, research grants and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: The revenue from donations in kind is measured at fair value and recognized on obtaining control of the asset (goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market or by appraisal by a member of the valuation profession.

ii) Revenue from exchange transactions

Rendering of services

The hospital 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 the costs that reflect services performed. Where the contract outcome

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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 Hospital.

Interest income

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

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 financial year ended June 30, 2025, was approved by the Board of Management. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and Ministry of Health. The additional appropriations are added to the original budget upon receiving the respective approvals in order to arrive to the final budget. Accordingly, the hospital recorded additional appropriation and revision of Ksh 2.05 billion on the 2024-2025 budget following the Board's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

- a) The annual budget is prepared on the accrual basis. All planned costs and income are presented in a single statement to determine the needs of the Hospital. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Hospital differences that would require reconciliation between the actual comparable amounts and the budget amounts are presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

b) Taxes

Sales tax

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

- i) 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.
- ii) 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.

c) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Intangible assets

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

e) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) 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.

f) Financial instruments

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

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fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i) Financial assets

Classification of financial assets

KUTRRH 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 the financial performance 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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 17*.

ii) Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) 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.

j) Contingent assets

KUTRRH 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Nature and purpose of reserves

KUTRRH creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) 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.

s) Comparative figures

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

t) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 value

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

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

Provisions

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

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
	Kshs	Kshs
Recurrent Government grants		
Operational grant	3,016,596,004	2,985,999,996
Supplementary Budget Received	-	-
Total KUTRRH Recurrent Government grants	3,016,596,004	2,985,999,996

7. Public Contributions and Donations

The hospital did not receive any donations in the FY 2024/2025.

Description	2024-2025	2023-2024
	Kshs	Kshs
Cooperative Bank Donation	-	116,750
OPAB	-	2,656,606
TOTAL	-	2,773,356

8. Rendering Of Services

The rendering of service is generated from different service points in the hospital.

Description	2024-2025	2023-2024
	Kshs	Kshs
Medicine services fee	102,601,435	154,834,059
Pharmaceutical services fee	1,017,951,520	699,515,576
Health Information services charges	409,000	3,880
Radiotherapy	75,234,580	55,867,800
Bed Charges Fees	713,679,243	665,141,161
Cancer Centre services Fee	26,241,136	30,305,606
Farewell Home Services fee	52,359,529	42,305,747
Renal Unit services Fee	121,074,299	103,550,892
Laboratory services Fee	563,206,961	453,316,354
Nursing Procedures and consumables	357,973,153	273,178,489
Physiotherapy services Fee	43,058,807	35,475,855
Radiology services Fee	423,035,626	341,271,862
Cardiology services Fee	28,892,100	49,504,653
Theatre services fee	302,436,504	274,358,796
Dental services fees	8,216,297	33,514,030
IMIC Hospitality Accommodation Fees	7,178,845	4,079,020
IMIC Nuclear Medicine services Fees	354,441,900	342,312,410
Brachytherapy Services Fees	9,746,400	2,070,000
Restaurant Sales	31,386,190	34,802,796
Marketing Services Fees	420,000	380,000
Training & Nursing School fees	21,526,055	14,450,646
TOTAL	4,261,069,580	3,610,239,632

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9. Finance Income

This refers to income earned from the hospital's bank account balances as well as interest accrued from letters of credit. There was a decline from the prior year mainly attributable to lower average cash reserves held during the year.

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Interest	5,499,959	29,369,962
Total	5,499,959	29,369,962

10. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
APHRC Overheads	-	161,500
WHO Overheads	3,320,000	6,800,000
Total	3,320,000	6,961,500

11. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising	5,021,445	14,228,488
Audit fees	2,140,000	1,002,759
Cleaning Materials	28,414,440	39,942,289
Corporate Social Responsibilities	-	239,350
Electricity	159,634,995	143,319,030
Gas and Cooking Fuel	49,222,302	69,257,990
Water and sewerage costs	24,657,347	17,091,209
Printing and stationery	38,073,701	27,867,775
Telecommunication	2,746,154	3,216,487
Local Travel & accommodation	45,369,335	60,925,215
External Travel	5,638,939	32,055,598
Seminars and Conferences (CME)	36,794,543	12,507,723
Staff Uniform	6,600,646	7,235,292
Internet Connectivity	14,266,537	4,395,060
Fuel Motor vehicles	4,339,263	15,881,240
Office Expenses	36,908,216	49,619,953
Subscriptions and Registration Fees	2,840,047	6,778,636
Staff Training	22,998,736	16,530,279
Mortuary Expenses	3,207,463	3,547,600
Newspapers and Magazines	433,176	1,522,862
Ceremonial activities	2,168,314	7,461,474

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Description	2024-2025	2023-2024
	Kshs	Kshs
Environmental audit	-	1,448,983
Health and Safety Audit	8,017	572,340
ISO Certification	3,597,869	58,050
Legal costs	3,235,650	1,675,830
Tree planting	4,168,560	13,076,380
Training School	9,151,499	4,757,870
Research	1,615,182	1,301,344
Licences	14,443,331	2,078,871
Refund Expense	8,625,326	17,482,042
Pharmaceuticals	377,694,159	544,045,685
Consumables	1,020,814,341	1,159,189,343
Infections Control	20,144,099	9,633,564
House Keeping	1,460,255	1,969,986
Linen and Clothing	12,431,877	7,778,869
Catering Expenses	176,624,903	163,398,661
Laundry and Drycleaning	13,284,091	5,806,059
Sanitary and waste disposal	1,986,724	7,406,880
Bank Charges	5,725,857	7,691,265
Finance Costs (Tax on Interest)	172,383	4,436,892
TOTAL GOODS & SERVICES	2,166,659,720	2,488,435,221
Add Opening stock (Clinical Costs)	286,518,606	267,926,591
Add Opening Stock (General Expenses)	10,230,345	18,816,314
Less Closing stock (Clinical Costs)	(494,692,154)	(286,518,606)
Less Closing Stock (General Expenses)	(21,842,018)	(10,230,345)
COST OF GOODS SOLD	1,946,874,499	2,478,429,174

12. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	1,625,022,551	1,890,548,126
Travel, motor car, accommodation, subsistence and other allowances	1,956,917,071	1,254,740,488
Housing benefits and allowances	416,339,062	405,578,822
Provision for Staff Gratuity and Pension	324,406,854	286,276,361
Staff Medical	289,964,692	262,456,873
TOTAL	4,612,650,229	4,099,600,670

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13. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairpersons Honoraria	960,000	960,000
Sitting Allowance	11,370,727	7,635,509
Medical Insurance	-	717,366
Induction and Training	-	4,652,221
Travel and Accommodation	7,693,456	7,198,917
Mileage Allowance	1,639,498	955,931
Lunch Allowance	168,000	135,675
Other Board Expenses	654,251	-
Total Board Expenses	22,485,932	22,255,619

14. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	680,988,909	711,732,199
Amortization	9,799,971	11,808,438
Total depreciation and amortization	690,788,880	723,540,637

15. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Motor Vehicles	3,126,084	4,417,192
Other Equipment	17,621,395	43,113,206
Furniture and Fittings	877,400	1,172,063
Buildings	9,643,347	7,311,992
Grounds and Landscaping	143,467	2,114,716
Fumigation	4,206,320	1,492,000
Software Maintenance	23,828,906	56,394,992
Total Repairs and Maintenance	59,446,918	116,016,161

16. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Cleaning Services	45,568,020	44,309,567
Security Services	36,831,629	32,380,550
Consultancy	34,504,116	54,998,130
Fire and Burglary Insurance	17,695,247	-
Insurance of Motor vehicle	2,498,804	2,456,635
Medical Equipment	126,465,741	136,257,315
WIBA/GPA Insurance	8,424,265	42,352,913
Total Contracted Services	271,987,821	312,755,111

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17. Impairment of Receivables

(a) Impairment of Receivables

This relates to the amount waived for indigent patients who after thorough assessment were found not to have the financial capability to pay their hospital bills.

Description	2024-2025	2023-2024
	Kshs	Kshs
Impairment of Receivables	139,270,498	173,682,455
Total Impairment of Receivables	139,270,498	173,682,455

(b) Provision of bad debts

This relates to individual debt that was outstanding for more than twelve months. The amount has been provided for as outlined in the KUTRRH Credit policy.

Description	2024-2025	2023-2024
	Kshs	Kshs
Provision of Bad Debts	61,689,592	123,973,921
Total Provision of Bad Debts	61,689,592	123,973,921

(c) Contract Loss

This amount pertains to the SHA Comprehensive Contract Loss, which occurs when the amount approved by SHA is less than the actual patient bills. In these cases, the hospital is not permitted to charge patients the difference, resulting in a contract loss.

Description	2024-2025	2023-2024
	Kshs	Kshs
Contract Loss	7,724,258	43,098,257
Total Provision of Bad Debts	7,724,258	43,098,257

18. Cash and Cash Equivalents

BANK	Account Name	Description	2024-2025	2023-2024
		Bank Account	Kshs	Kshs
KENYA COMMERCIAL BANK	KUTRRH RECURRENT A/C	1258637243	48,325,792	155,839,857
KENYA COMMERCIAL BANK	KUTRRH PROJECT A/C	1283661012	77,041,059	51,708,916
KENYA COMMERCIAL BANK	GATUNDU RECURRENT A/C	1283666138	240,451	288,962,909
KENYA COMMERCIAL BANK	GATUNDU PROJECT A/C	1283669935	118,522,513	172,278,950
COOPERATIVE BANK OF KENYA	KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL	1141245317000	116,750	116,750
Grand total			244,246,564	668,907,383

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19. Receivables from Exchange Transactions

	PESAFLOW	SHA	NHIF	CORPORATE	INDIVIDUAL	TOTAL
Opening Balance 1.07.2024	16,285,809	-	857,391,611	466,996,144	60,675,192	1,401,348,756
Payments During the year	1,302,395,293	889,435,961	310,707,874	354,546,481	11,885,808	2,868,971,418
Additions for the Year	1,298,911,459	1,280,386,337	523,827,236	540,823,092	108,744,136	3,752,692,259
Less: Contract Loss			7,724,258			7,724,258
Less: Provision of Bad & Doubtful Debts					61,689,592	61,689,592
Closing Balance 30.06.2025	12,801,975	390,950,376	1,062,786,715	653,272,754	95,843,928	2,215,655,748

Ageing analysis for Receivables from exchange transactions

Description	2024-2025	
	Kshs	
	Current FY	% of the total
Less than 1 year	1,620,182,625.77	73%
Above 1 year	595,473,121.00	27%
Total	2,215,655,746.77	100%

20. Prepayment

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Guarantee KCB TRM Branch – Letter of Credit for Cyberknife LINAC Equipment	89,356,719	103,807,776
Total	89,356,719	103,807,776

21. Receivables from Non- Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
GOK Recurrent Grant Receivable	359,716,334	248,833,333
Total	359,716,334	248,833,333

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22. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	69,402,247	93,283,613
Rehabilitation	13,731,993	4,914,423
Public Health	10,398,010	13,611,575
Radiology	-	35,657,879
Non-pharmaceuticals	385,690,980	126,667,311
Kitchen Store	3,048,234	2,273,671
General Supplies	19,207,387	7,956,674
Laboratory Reagents	12,420,690	12,383,805
Maintenance Accessories	2,634,630	-
TOTAL	516,534,172	296,748,951

The inventory is measured at lower of cost and net realisable value at the end of the financial year.

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23. Property, Plant and Equipment

Cost	Buildings	Capital Work in Progress	Motor vehicles	Furniture and fittings	Computers & Accessories	ICT Infrastructure	Hospital Equipment	Security Equipment	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	5,736,563,758	2,327,918,615	76,444,770	253,530,563	130,329,883	100,496,271	2,599,797,952	17,865,678	11,242,947,490
Additions	182,430,725	40,133,353		32,964,325	26,922,085	12,081,324	587,584,757	4,467,520	886,584,088
Disposals	-								-
Transfers/Adjustments	523,743,120	(2,250,262,430)		2,685,388			1,723,833,922		-
Revaluation Adjustments									
As at 30 th June 2024	6,442,737,603	117,789,538	76,444,770	289,180,276	157,251,968	112,577,595	4,911,216,631	22,333,198	12,129,531,578
Additions	41,594,779	-	2,190,820	20,542,901	27,521,281	15,750,299	267,463,888	4,089,110	379,153,078
Disposals									-
Transfer/Adjustments									-
Revaluation adjustments									-
As at 30 th June 2025	6,484,332,382	117,789,538	78,635,590	309,723,177	184,773,249	128,327,894	5,178,680,519	26,422,308	12,508,684,657
Depreciation And Impairment									-
At 1 July 2024									
Depreciation	688,740,656	-	50,342,539	108,950,342	109,924,340	72,917,948	1,478,234,101	8,055,989	2,517,165,915.00
Impairment	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-

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Cost	Buildings	Capital Work in Progress	Motor vehicles	Furniture and fittings	Computers & Accessories	ICT Infrastructure	Hospital Equipment	Security Equipment	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30 th June 2024	688,740,656	-	50,342,539	108,950,342	109,924,340	72,917,948	1,478,234,101	8,055,989	2,517,165,915.00
Depreciation	144,889,793	-	7,073,263	25,096,604	22,454,673	16,622,984	462,555,802	2,295,790	680,988,908.89
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-	-	-	-
Net Book Values									-
As at 30 th June 2024	5,753,996,947	117,789,538	26,102,231	180,229,934	47,327,628	39,659,647	3,432,982,530	14,277,209	9,612,365,664
As at 30 th June 2025	5,650,701,933	117,789,538	21,219,788	175,676,231	52,394,236	38,786,962	3,237,890,616	16,070,529	9,310,529,833

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23 (b) Property, Plant and Equipment at Cost

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land & Buildings	6,484,332,382	833,630,449	5,650,701,933
Capital Work in Progress	117,789,538	-	117,789,538
Motor vehicles	78,635,590	57,415,801	21,219,789
Furniture and fittings	309,723,177	134,046,946	175,676,231
Computers & Accessories	184,773,249	132,379,013	52,394,236
ICT Infrastructure	128,327,894	89,540,932	38,786,962
Hospital Equipment	5,178,680,519	1,940,789,903	3,237,890,616
Security Equipment	26,422,308	10,351,779	16,070,529
Total	12,508,684,657	3,198,154,824	9,310,529,833

24. Intangible Asset

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	105,567,308	105,567,308
Additions	1,766,100	-
At end of the year	107,333,408	105,567,308
Additions—internal development	-	-
At end of the year	107,333,408	105,567,308
Amortization and impairment		
At beginning of the year	58,333,554	46,525,116
Amortization	9,799,971	11,808,438
At end of the year	68,133,525	58,333,554
Impairment loss		
At end of the year	-	-
NBV	39,199,883	47,233,754

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25. Trade and Other Payables

Description	2024-2025		2023-2024
	Kshs		Kshs
Trade and other Payables	1,183,771,024		518,561,485
Provision for audit fees	2,000,000		860,000
TOTAL	1,185,771,024		519,421,485
Ageing analysis	Current FY	% of the Total	
Under one year	1,038,206,881	88%	
1-2 years	147,564,143	12%	
Total (tie to above total)	1,185,771,024	100%	

26. Employee Benefit Obligations

The accrued staff deductions relate to payroll obligations such as PAYE for the month of June 2025 that were paid in July 2025. Accrued salaries relate to salary deductions not remitted during the FY 2024/25. KUTRRH also provided for staff gratuity within the year and paid gratuity for the staff whose contracts ended.

Employee Benefit Obligation		
Description	2024-2025	2023-2024
	Kshs	Kshs
Balance B/F	859,597,115	507,494,317
Staff Pension Paid		
Accrued Salaries Paid	(143,850,729)	(67,857,239)
Provision for Staff Gratuity	364,567,585	286,276,361
Staff Gratuity Paid in the year	(170,486,554)	(11,508,953)
Provision for staff Leave Allowance	-	-
Accrued Salaries	553,287,307	143,850,729
Staff Welfare accrued	2,305,000	2,204,000
Staff welfare paid	(861,000)	(862,100)
TOTAL	1,464,558,724	859,597,115

Retirement benefit Asset/ Liability

KUTRRH operates a defined contribution benefit scheme for all full-time employees from 1st February 2022. The scheme is administered by Zamara while Kenya Commercial Bank are the custodians of the scheme. The Hospital's contribution to KUTRRH staff Retirement Benefit Scheme is at 15% while the employees contribute 7.5% of their basic salary.

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27. Gatundu Level 5 Hospital

(a)Gatundu Level 5 Transfers

DETAILS	AMOUNTS	AMOUNTS
	(KSHS)	(KSHS)
	2024-2025	2023-2024
Property ,plant and equipment	96,443,027	233,173,888
CCTV	-	-
Other Equipment		2,470,270
Medical Equipment	10,889,106	288,000
Computers servers	-	-
Furniture	2,723,596	6,781,820
Software		259,000
Salaries and wages	52,189,986	54,969,513
Casuals	1,269,170	6,382,116
Locums	2,738,165	2,759,928
Board Allowances	66,000	-
Pharmaceuticals		19,853,448
Non-Pharmaceuticals	125,535	19,446,677
Fumigation	-	-
Staff Uniform		
Linen and Clothing		413,000
Gas and Cooking Fuel		62,400
Catering		987,672
Security	146,388	826,880
Local Travel	-	-
Staff Training	-	-
Consultancy	-	-
Printing and stationery		647,810
Connectivity and Bandwidth		1,662,123
Bank charges	396,944.50	56,309
TOTAL	166,987,917	355,635,963

(b)Gatundu Funds

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	433,100,270	623,723,007
Bank interest	2,529,523.45	10,379,158
Grant from GoK	-	124,000,000
Staff salaries		
Deposits		
Transfers To Gatundu	(166,987,917)	(355,635,963)
Shared Cost Adjustment	(149,763,033)	30,634,068
TOTAL	118,878,844	433,100,270

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28. Refundable Deposits and Prepayments from Customers

This relates to the unutilised patient deposits

Description	2024-2025	2023-2024
	Kshs	Kshs
Patient Deposits	4,407,531	11,532,530

29. NIHR

This relates to a grant from the National Institute for Health and Care Research-UK for improving Oesophageal Cancer Survival in Kenya.

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	93,477,221	-
Grant from NIHR	97,404,723	108,909,667.00
Expenses	(150,815,719)	(15,432,445.87)
TOTAL	40,066,225	93,477,221.13

30. Financial Risk Management

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

i) Credit risk

The 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 Entity's management based on prior experience and their assessment of the current economic environment.

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i) Financial Risk Management

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

ii) Liquidity risk management

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

Notes to the Financial Statements (Continued)

Financial Risk Management

ii) 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 Entity'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.

iii) Foreign currency risk

The hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. KUTRRH manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Notes to the Financial Statements (Continued)

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. KUTRRH considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

31. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Hospital, holding 100% of the Hospital equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.
- vi) Employees

32. Events after the Reporting Period

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

33. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General’s Recommendations

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

	Item	Issue/Observations from Auditor	Management Comment	Status: (Resolved / Not Resolved)	Timeframe:
1.	Inaccuracies in Employee Cost	The statement of financial performance reflects employee cost amount of Kshs.4,099,600,670 as disclosed in Note 12 to the financial statements. However, the following inconsistencies were noted:		Resolved	
	House allowance	Included in the housing benefits and allowances of Kshs.405,578,822 is an amount of Kshs.2,679,194 which was paid to thirty-four (34) staff members below the approved rate resulting to underpayment of house allowance.	Management acknowledges the auditor’s observation that different Housing allowance rates were applied contrary to SRC Circular Ref: No. SRC/TS/MDP/3/1/2(2). In compliance with the audit finding, the Management will clear the arrears for the prior periods in phases in FY 2025-2026.	Resolved	
	Responsibility Allowance	Included in the travel, motor car, accommodation, subsistence and other allowances is an amount of Kshs.1,254,740,488 out of which	Management acknowledges the auditors’ findings and responds as follows: Management submitted HR Instruments to PSC and SRC in September 2023.	Resolved	

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		<p>responsibility the approved rates. Similarly, Kshs. 489,516 was paid to six (6) employees above the approved rates allowance of Kshs.962,915 was paid to fifty-six (56) employees below resulting to underpayment and overpayment of responsibility allowance respectively.</p> <p>In the circumstances, the accuracy and completeness of employee cost amount of Kshs.4,099,600,670 could not be confirmed.</p>	<p>The hospital has received approved HR instruments in March 2025. Further, management has appointed the Advisory Committee for the Approved HR Instruments, HR Recruitment Committee and Human Resource Management Advisory Committee (HRMAC) to align all HR matters (including responsibility allowances) with the approved HR instruments.</p> <p>The advisory committee's report to management will address the identified gaps by the Auditor General.</p>		
2.	Long Outstanding Debts	<p>The statement of financial position reflects receivables from exchange transaction balance of Kshs.1,401,348,757 as disclosed in Note 19 to the financial statements. Review of the aging analysis revealed amounts totalling Kshs.512,245,293 had been outstanding for over one year with some dating back to the year 2020.</p>	<p>The hospital undertakes payment plans with the patient using collaterals like title deeds. The undertaking is informed by the fact that these are discharge-ins who have recovered but are unable to clear the full bills immediately but are able to raise 75%. This is done to free the bed spaces to more demanding patients as well as mitigate our losses. We also provide for a provision for bad debts in the event we assess and find that they are not recoverable, we write off.</p>	Not Resolved	Ongoing

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		<p>Failure to follow-up on debts may result to bad debts and losses to the Hospital. In the circumstances, the recoverability of receivables from exchange transactions balance of Kshs.512,245,293 is doubtful.</p>	<p>(a) The hospital is following up with NHIF regarding an outstanding debt amounting to Kshs 857 million.</p> <p>(b) The hospital has received Kshs 258 million from corporate debtors, of which a significant portion relates to debts that were over one year old.</p> <p>(c) In the current financial year, the hospital has received Kshs 4.5 million from individual debtors, out of a total outstanding amount of Kshs 123 million.</p> <p>To address the challenge of debt, the Hospital has implemented the following measures:</p> <ol style="list-style-type: none"> 1) Standard Operating Procedure (SOP) for Debt Management A Standard Operating Procedure (SOP) was established to guide hospital staff on effective debt management and recovery strategies. This SOP provides a structured approach for handling debts. 2) Continuous Validation and Debtor Schedule Preparation The Hospital conducts ongoing validation of long-standing debts and compiles a comprehensive debtor schedule. This schedule informs additional recovery measures. 		
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			<p>3) Dedicated Debt Reconciliation Team A dedicated team of staff members is assigned specifically to debt collection and follow-up efforts.</p> <p>4) Engagement with NHIF/SHA and Insurance Companies Management has made extensive efforts to follow up on outstanding amounts with NHIF/SHA and insurance providers.</p> <p>5) Provision of Bad and Doubtful Debts The Hospital provides for bad and doubtful debts that are outstanding for more than one year as per the KUTRRH Credit Policy.</p> <p>Simultaneously, the following proactive measures have been adopted to prevent the accumulation of potentially unrecoverable debts:</p> <ul style="list-style-type: none"> • Socio-Economic Assessments Socio-economic assessments are conducted upon patient admission to identify high-risk cases. This proactive approach enables early financial discussions with families facing challenges, aiding better debt recovery strategies. To support this initiative, a full-time social worker has been stationed at the 		
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			<p>Accident and Emergency Department, where the admission process begins.</p> <ul style="list-style-type: none"> • Guarantor Involvement and Risk Assessment Guarantors are engaged in credit payment agreements to enhance accountability and ensure timely payments. <p>These measures demonstrate the Hospital Management's commitment to addressing long-standing debts and implementing sustainable practices for debt prevention and recovery.</p>		
3.	Lack of Land Ownership Documents	<p>The statement of financial position reflects a balance of Kshs.9,659,599,417 in respect to property, plant and equipment as disclosed in Note 23 to the financial statements. The balance includes Kshs.5,753,996,947 for land and buildings. Review of Hospital documents revealed that it occupies approximately 64.53 hectares land whose title deed was in the name of Kenyatta University.</p> <p>In the circumstances, the accuracy, completeness and</p>	<p>Land ownership and valuation. The management acknowledges that it does not possess the ownership documents for the land. The hospital sits on 59.94 Hectares of land under the ownership of Kenyatta University. KUTRRH Board wrote to the Head of Public Service through a letter referenced KUTRRH/CBD/F9/VOL.1/378 dated 21st October 2021 requesting for a title deed for the Hospitals land. On 29th August 2022, the Director of physical planning in Ministry of Lands issued a public notice of completion of local physical and land use development plan that indicated that KUTRRH sits on 59.94 Hectares.</p>	Not resolved	Ongoing

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		ownership of land and buildings balance amounting to Kshs.5,753,996,947 could not be confirmed.	There have been deliberate efforts of follow up on the land ownership documents by the Management and the Hospital is still waiting for the Title deed to be issued as per the following documents from the Ministry of Lands and Physical Planning: REF: PPD/42/31/XIX/(12) dated 30th August 2022 referring to a Cabinet memo and a public notice in September 2022 of the completion of local physical and land development plan no 42/31/2022/01. Management is still following up on this issue. The hospital has written several letters and been in correspondence with several government institutions on the land issue.		
4.	Budgetary Control and Performance	<p>The statement of comparison of budget and actual on comparable basis of Kshs.6,137,600,000 and Kshs.7,426,489,217 respectively resulting to an over-expenditure of Kshs.1,288,889,217 or 21% of the approved budget.</p> <p>The over-expenditure is mainly attributed to compensation of employees and use of goods and services of Kshs. 319,323,146 and Kshs. 852,834,041 respectively totalling to Kshs 1,172,157,187. Management attributed the over expenditure on use of goods and services to</p>	<p>The Hospitals budget requirement for FY2023/2024 was KES 7,286,251,507 billion. However, the actual allocation was KES 6,137,600,000.</p> <p>The Hospital management engaged the relevant stakeholders through the supplementary processes for an allocation to bridge the gap. However, there was no provision, resulting in over-expenditure. There was a further implication of increased employer contribution to NSSF and Housing Levy.</p> <p>Chair and members running a hospital is unique. A public hospital is even more complicated since you cannot turn away patients whether you have resources or not. To avoid recurrence of this, we request for your support to ensure full funding for the hospital. More-so for personnel emoluments.</p>	Not Resolved	Ongoing

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		the upsurge in patient numbers which has strained existing budgetary provisions for pharmaceuticals, non-pharmaceuticals and catering expenses. However, there was no evidence of budget reapproval for expenditure items exceeding 10% of the approved budget. In the circumstances, the budget over expenditure was not authorized.	In the current financial year 2024-2025 for instance, the Hospital still has a personell funding gap of Kshs 1.5 billion .		
5.	Property Plant and Equipment	The statement of financial position reflects property plant and equipment balance of Kshs.9,659,599,417 as disclosed in Note 23 to the financial statements. However, the following irregularities in the procurement process were noted.			
	5.1 Delayed Delivery of Computers	The statement of financial position reflects property plant and equipment balance of Kshs.9,659,599,417. Included in the balance is Kshs.47,327,628 for computers and accessories out of which Kshs.7,275,320 was awarded to M/s Intermass	Management acknowledges the auditors' findings and responds as follows: M/s Intermass Technologies E.A Limited was indeed awarded the contract to supply computers on wheels to the Hospital on 12th May 2023.The computers on wheels were specialized and had to be imported which caused delays, the goods were delivered and received despite the delay.	Resolved	

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	<p>Technologies E.A. Limited for supply and delivery for computer on wheels. The Contract was signed on 12 May 2023 for six (6) weeks. However, the computers were delivered on 6 November 2023 six (6) months after the expiry of the contract.</p> <p>Risk Noncompliance with procurement laws and regulations.</p> <p>Recommendation Management to adhere to procurement laws and regulations.</p> <p>Included in the balance is Kshs.47,327,628 for computers and accessories out of which Kshs.7,275,320 was awarded for supply and delivery of computers on wheels. The contract was signed on 12 May</p>			
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	<p>2023 for six (6) weeks, but the computers were delivered on 6 November, 2023 being six (6) months after the expiry of the contract. This was contrary to Section 44 (4) (c) of Public Procurement and Asset Disposal Act, 2015 which states that the inspection and acceptance committee shall ensure that the goods, works or services have been delivered or completed on time or that any delay has been noted.</p> <p>In the circumstances, Management was in breach of law.</p>			
5.2 Delayed Completion of Cancer Centre	<p>The balance also includes Kshs.117,789,538 for work in progress out of which Kshs.40,133,353 was for extension of cancer centre at a contract sum of Ksh.255,735,162 and was to be executed in two phases of eight-four (84) weeks. Review of progress report and physical verification in the month of December, 2024 revealed</p>	<p>Management acknowledges the auditor’s findings and responds as follows: The project was tendered on 17th June 2021 and awarded on 13th August 2021 to Power Options Limited. It was structured into two phases with distinct scopes of work, expected to run for a total of 84 weeks. The project payment model was based on interim certificates issued upon completion of milestones. However, due to budget cuts, the Hospital has faced challenges in settling the certified payments, leading to delay in handover.</p>	Resolved	

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	<p>delayed completion of the project by six (6) months. Further, the project was extended to 30 January 2025 without evidence of recommendation from the evaluation committee. This was contrary to Section 139 (2A) of Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity, on the recommendation of an evaluation committee or as prescribed in the signed contract agreement, may approve the request for the extension of the contract period, which request shall be accompanied by a letter from the tenderer making justifications for such extension.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>See below a breakdown of the amounts allocated and disbursed to date.</p> <p>Table</p> <table border="1"> <thead> <tr> <th colspan="2">Project Cost</th> <th>KES 255M</th> </tr> </thead> <tbody> <tr> <td colspan="2">Budget Allocation by National Treasury (2021/22 and 2023/24)</td> <td>KES 200 M</td> </tr> <tr> <td colspan="2">Disbursement received from National Treasury</td> <td>KES 150 M</td> </tr> <tr> <td colspan="2">Donations received from Chandaria Foundation</td> <td>KES 35 M</td> </tr> <tr> <td>Total Amount Received</td> <td></td> <td>KES. 185 M</td> </tr> <tr> <th colspan="2">Date Of Payment</th> <td></td> </tr> <tr> <td>09.09.2022</td> <td>Payment for Interim Certificate 1</td> <td>38,524,057.40</td> </tr> <tr> <td>22.11.2022</td> <td>Payment for Interim Certificate 2</td> <td>26,933,402.50</td> </tr> <tr> <td>30.01.2023</td> <td>Payment for Interim Certificate 3</td> <td>12,381,023.00</td> </tr> <tr> <td>24.08.2023</td> <td>Payment for Interim Certificate 4</td> <td>17,473,647.00</td> </tr> <tr> <td>08.12.2023</td> <td>Payment for Interim Certificate 5</td> <td>37,417,500.00</td> </tr> <tr> <td>13.02.2024</td> <td>Payment for Interim Certificate 6</td> <td>34,940,770.70</td> </tr> <tr> <td></td> <td>Consultancy Fees Paid</td> <td>16,907,580.00</td> </tr> </tbody> </table>	Project Cost		KES 255M	Budget Allocation by National Treasury (2021/22 and 2023/24)		KES 200 M	Disbursement received from National Treasury		KES 150 M	Donations received from Chandaria Foundation		KES 35 M	Total Amount Received		KES. 185 M	Date Of Payment			09.09.2022	Payment for Interim Certificate 1	38,524,057.40	22.11.2022	Payment for Interim Certificate 2	26,933,402.50	30.01.2023	Payment for Interim Certificate 3	12,381,023.00	24.08.2023	Payment for Interim Certificate 4	17,473,647.00	08.12.2023	Payment for Interim Certificate 5	37,417,500.00	13.02.2024	Payment for Interim Certificate 6	34,940,770.70		Consultancy Fees Paid	16,907,580.00		
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				TOTAL PAID	182,927,330.60
			Balance from Received Funds after Payments		2,072,669.40
			Funding Gap Interim Certificate 7		40,133,352.51
			Despite substantial completion of the works (98%), the final completion certificate has not been issued, as payment for Interim Certificate 7 (amounting to Kshs. 40,133,352.51) remains outstanding. Consequently, the contractor has continued to hold the site, pending payment.		
5.3 Stalled Children Hospital Project	Included in the balance is Ksh.5,753,996,947 for land and buildings. Review of documents revealed that the Hospital has 64.53 hectares of land out of which the Children Hospital was allocated 11.57 hectares. Further, correspondences between the Hospital and the University revealed an allocation of Kshs.500million to start the project by 2015 which was utilized for construction of site	The Children’s Hospital Project was started by Kenyatta University; they were allocated 500 million for the project. The University is yet to hand over the project to KUTRRH. As a result, the hospital has had challenges getting sufficient funding for the project as well as implementing the project. The Management of KUTRRH has made continuous efforts to engage Kenyatta University regarding the site handover and project continuity. Despite these efforts, there has been no conclusive resolution.	Not resolved	Ongoing	

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		houses, provision of amenities such as water, purchase of equipment & building materials and construction of Hospital foundation. However, review of documents and physical verification in the month of December, 2024 revealed that the project stalled in the year 2016 at foundation level. In the circumstances, the value for money of Kshs.500million incurred towards the construction of Children Hospital could not be confirmed.			
6.	Non-Compliance with the Ethnicity Rule	During the year under review, it was noted that 43% of members of staff were from one ethnic community and 39% of employees recruited in the year 2023/2024 were from the same ethnic group. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have	<ul style="list-style-type: none"> ➤ The Management concurs with the findings of the auditor on the representation of 44% of the total staff population being from one (1) ethnic group. ➤ Out of the forty-five (45) ethnic groups in Kenya, the Hospital had managed to recruit from twenty-eight (28) ethnic groups in an effort to have a Kenyan representation of the Hospital. ➤ The Hospital has analyzed the data of representation and commits to progressively achieve compliance in the areas of under 	Not resolved	Ongoing

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		<p>more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>representation without compromising on merit requirements.</p> <p>➤ To encourage more applicants from various communities to apply, and in order to avoid skewed representation, the Hospital's job adverts are placed in 'my Gov' pull out in daily newspapers with a wide circulation. Encouragement for candidates from diverse backgrounds to apply is deliberately included in the job adverts to encourage diversity in the applications.</p> <p>The hospital has progressively reduced the percentage of the highest ethnic representation group from 46% (2021-2022) to 44% (2022-2023) to 42.6% (2023-2024).</p>		
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C.E.O: DR. ZEINAB GUZA

Date:

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Appendix II: Projects implemented by KUTRRH

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

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)
Expansion of Comprehensive Cancer Centre - KUTRRH	1082102500	Gok	2 years	N/A	No	YES
Construction of a Second Tower Block-Gatundu Hospital	1081118300	Gok	2 years	N/A	No	YES

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Expansion of Comprehensive Cancer Centre - KUTRRH	255,735,162	175,000,000	68%	255,735,162	175,000,000	Gok
2	Construction of a Second Tower Block-Gatundu Hospital	718,000,000	668,000,000	93%	718,000,000	668,000,000	Gok

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The hospital was allocated Kshs 75 million for capital development, with Kshs 25 million designated for the expansion of the Cancer Center and Kshs 50 million for the construction of Tower 11 at Gatundu Level 5 Hospital

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Appendix V- Inter-Entity Confirmation Letter


Name of Transferring entity...MINISTRY OF HEALTH.....

Name of Beneficiary entity...KUTRRH.....

Confirmation of amounts received by KUTRRH as at 30 th June 2025						
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks	
14-Aug-24	FT24227SCM73	197,216,333		197,216,333		
16-Sept-24	FT242600TX91	197,216,333		197,216,333		
15-Oct-24	FT24289KNJZS	197,216,333		197,216,333		
13-Nov-24	FT24318TC03Y	197,216,333		197,216,333		
13-Dec-24	FT24348BLHHZ	197,216,333		197,216,333		
08-Jan-25	FT250081VYWH	197,216,333		197,216,333		
12-Feb-25	FT250434CQMQ	197,216,333		197,216,333		
17-Mar-25	FT25076TKXL0	197,216,333		197,216,333		
15-Apr-25	FT251057QZCO	359,716,334		359,716,334		
12-May-25	FT25132J7JII	359,716,334		359,716,334		
17-Jun-25	FT251685N8B2	359,716,334		359,716,334		
01-Jul-25	FT25192WFZSM	359,716,334		359,716,334		
14-Jul-25	FT25195C707H	-	25,000,000	25,000,000		
Total		3,016,596,000	25,000,000	3,041,596,000		

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 Edward Mwandu Sign  Date 04/12/25