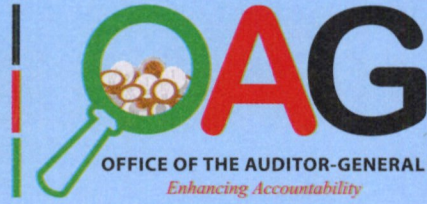


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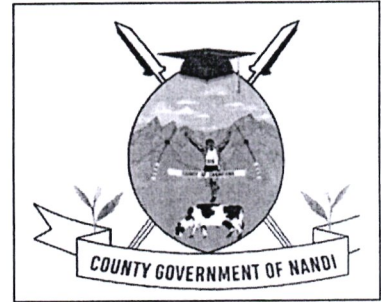
**ON**

**KAPSABET COUNTY REFERRAL HOSPITAL**

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

**COUNTY GOVERNMENT OF NANDI**

PAPERS LAID	
DATE	26/11/25
TABLED BY	S.M.H
COMMITTEE	-
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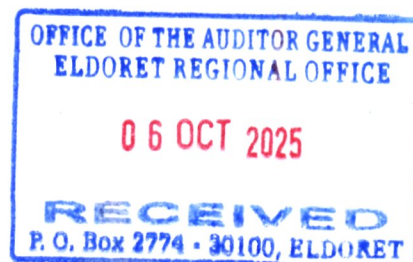
# **KAPSABET COUNTY REFERRAL HOSPITAL (Nandi County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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





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## 1. Acronyms & Glossary of Terms

<b>ALOS</b> - Average Length of Stay	<b>KCRH</b> - Kapsabet County Referral Hospital
<b>ANC</b> - Antenatal Care	<b>ICT</b> - Information and Communication Technology
<b>A&amp; E</b> - Accident and Emergency	<b>ICU</b> - Intensive Care Unit
<b>CBK</b> - Central Bank of Kenya	<b>IPSAS</b> - International Public Sector Accounting Standards
<b>CEO</b> - Chief Executive Officer	<b>IPSASB</b> - International Public Sector Accounting Standards Board
<b>CMES</b> - Continuing Medical Education	<b>KEMSA</b> - Kenya Medical Supplies Authority
<b>CO2</b> - Carbon Dioxide	<b>MEDS</b> - Mission for Essential Drugs and Supplies
<b>CPA</b> - Certified Public Accountant	<b>MOH</b> - Ministry of Health
<b>CSR</b> - Corporate Social Responsibility	<b>MOPC</b> - Medical Outpatient Clinic
<b>CT</b> - Computed Tomography	<b>NHIF</b> - National Hospital Insurance Fund
<b>DG</b> - Director General	<b>NSSF</b> - National Social Security Fund
<b>EEC</b> - Executive Expenditure Committee	<b>OAG</b> - Office of the Auditor General
<b>ENT</b> - Ear Nose and Throat	<b>OEO</b> - Operation Eyesight Universal
<b>FIF</b> - Facilities Improvement Fund	<b>OSHA</b> - Occupational Safety and Health Act of 2007
<b>FY</b> - Financial Year	<b>PFM</b> - Public Finance Management
<b>GOPC</b> —Gynaecology outpatient clinic	<b>POPC</b> - Pediatrics Outpatient Clinic
<b>HDU</b> - High Dependency Units	<b>PPE</b> - Property Plant & Equipment
<b>HMB</b> - Hospital Management Board	<b>PPP</b> - Public Private Partnership
<b>HMC</b> - Hospital Management Committee	<b>PSASB</b> - Public Sector Accounting Standards Board
<b>HMT</b> - Hospital Management Team	<b>QHC</b> - Quality Healthcare
<b>HOD</b> – Head of Department	<b>SDGS</b> - Sustainable Development Goals
<b>IHRM</b> - Institute of Human Resource Management	<b>SNA</b> - System of National Accounts
<b>ICPAK</b> - Institute of Certified Public Accountants of Kenya	<b>SOPC</b> - Surgical Outpatient Clinic

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

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

The Kapsabet County Referral Hospital is a level 4 hospital and was established in the 1930s by colonial settlers who required healthcare services for themselves and their servants. The African Native Council took over the hospital's management in 1952 and after gaining independence in 1963, the government took full control. Despite changing hands, the hospital's original structures remained unchanged until 1990 when it received a face lift in the form of "NYAYO WARDS."

Kapsabet County Referral Hospital was designated as a Level IV facility in 2020 through Gazette Notice Vol. CXXII-No. 24 providing both outpatient and in-patient healthcare services. It is the Nandi County Referral Hospital, equipped with 200 beds and a bed occupancy rate of near 100%. The National Government provided modern equipment for renal, Radiology/Imaging, CSSD, and theatre equipment under the MES project. The hospital is governed by a Board of Management.

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

Our medical facility offers a range of services to meet the healthcare needs of the people of Nandi. Our Accident and Emergency department is available to handle emergencies and our Specialist Clinics offer a variety of medical services. We also have Medical Officers' and Clinical Officers' Clinics, as well as an Eye Clinic, ENT Clinic, and Dental Clinic. Our Psychiatric Clinic is available for mental health support.

For Internal Medicine, we have Medical Wards, Renal Ward Unit, ICU Ward Unit, CCC Unit, and Oncology Unit. Our Reproductive Health services include a Maternity Ward, Gynecology Ward, MCH, and Maternity Theatre. Our Child Health and Pediatrics department includes a Pediatric Ward, Newborn Unit, Sick Child Clinic, and Child Welfare Clinic.

We also offer Surgery and Anesthesia services, with a Surgical Ward, General Theatre, and Minor Theatre. Our Orthopedics and Rehabilitation department includes Orthopedic Wards, Physiotherapy, Occupational Therapy, Plaster Room, and Orthopedic Technology. Our Medical Laboratory provides Hematology, Biochemistry, Microbiology, Parasitology, Cytology, and Pathology services. Radiology and Imaging services include Plain X-ray, Ultrasound, CT scan, MRI, C-ARM, Mammogram, and OPG.

We have Inpatient and Mobirdiity Registration, a Library, Statistics, and Event Capture for Health Records and Information. Our Health Administration department includes a General Office, Accounts/Finance, Health Maintenance Unit, Procurement, Store Keeping, Public Health, Chaplaincy, Medical Social Work, and Human Resources.

**Vision:**

To be a premier healthcare facility in Nandi County providing excellent, affordable and accessible medical services.

**Mission:**

To offer quality healthcare with compassion and efficiency, ensuring patient centered care and contributing to overall well-being of the community.

**Core Values**

- Teamwork
- Openness
- Respect
- Empowerment
- Confidentiality

**(c) Key Management**

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

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

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Richard Chepkwony
2.	Chief Officer Health and Sanitation	Mr. Fredrick Kiptum
3.	Director Medical Services	Dr. Christine Chebet
4.	Hospital Administrator	Mrs. Alice Bartuin
5.	Head Of Nursing Services	Mr. Emmanuel Kiptanui

**(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Board Of Management
- County Audit committee
- County Assembly Department committee on Health
- County Assembly

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

Kapsabet County Referral Hospital  
P.O. Box 5- 30300  
Kisumu- Kapsabet Highway  
KAPSABET, KENYA

**(g) Entity Contacts**

Telephone: (+254)727602559  
E-mail: medsupkapsabetrvp@yahoo.com  
Website: www.nandihealth.go.ke

**(h) Entity Bankers**

National Bank  
Kapsabet Branch  
P.O. Box 164-30300  
Kapsabet, Kenya

Equity Bank Limited  
Kapsabet Branch  
P.O.BOX 75104-00200  
Nairobi-Kenya

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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


**(k) County Attorney**

P.O. Box.802  
Kapsabet, Kenya

**3. The Board of Management**




 <p>Dr. John Cheruiyot Chumba          MMED Pediatrics and child-health(UON), MBchB(UON)</p>	<p>Dr. Chumba is a highly experienced Paediatrician and Child Health specialist. He holds a Master of Medicine Degree in Paediatrics and Child Health (MMED)-U.O.N and A Bachelor of Medicine and Surgery degree -U.O.N. He brings in, a vast experience both in medical and managerial capacity having served in various positions across the country including Chief Medical Specialist (MTRH), Medical officer in-charge Nandi Hills subcounty hospital (Nandi county), Medical Officer in-charge Kericho County Referral Hospital (Kericho County) and Senior Medical Officer Kenyatta National Hospital. With expertise in leadership, strategic planning, effective communication, and quality improvement, he is dedicated to advancing healthcare services. He excels in handling complex medical cases and leadership challenges. He leads by example, collaborating with his team to deliver exceptional outcomes. His skills in financial management and problem-solving further enhance his capacity to drive meaningful outcomes at Kapsabet County Referral Hospital.</p>
 <p>Mr. Edward Kipkoech Kosgei</p>	<p>Mr. Kosgei Holds a Certified Public Secretary certificate from the Kenya Polytechnic. He possesses extensive managerial experience across various sectors including the tea industry as a General Manager and chair of Nandi Hills Estate Management Co-operative SACCO, served finance and audit teams in various capacities. He has previously served as a board chair for Nandi Hills Sub-County Hospital before retiring to the bustling hospitality industry in Eldoret.</p>
 <p>Mathew Ketter</p>	<p>Mathew currently works at Kenya Power as part of the System Control audit team. During his speech, he pledged to contribute to the team and encouraged everyone to work together to improve service delivery at KCRH. Mathew hopes that the hospital can become the preferred healthcare facility in the region and reduce the need for unnecessary referrals. He also shared his desire to see the hospital establish a fully functional amenity wing that can attract insurance users by the end of his tenure.</p>

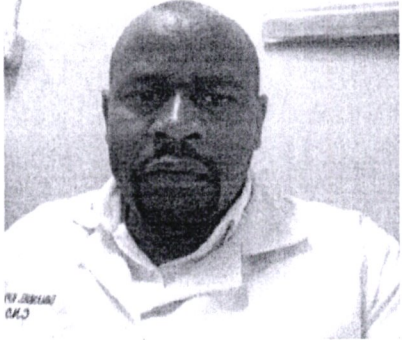
	<p>Prof Sum is a lecturer at Masinde Muliro University. She holds a Doctorate Degree in medicine from Moi University, a Master’s Degree of Nursing in Emergency training and a Bachelor of Science in Nursing. She is a visionary health expert, bringing innovative ideas and research-driven solutions to the Hospital. She excels in incubating ideas through research, education, and technology, turning them into actionable strategies that enhance healthcare delivery and stimulate economic growth. As a pioneer in establishing Africa’s first Bachelor of Science in Paramedic program, she champions evidence-based practices, improving patient outcomes.</p>
<p>Prof. Sum Tecla Phd Med. Edu Moi Unv Msc. Emergency Train System, Msc Nursing and Bsc Nursing</p>	<p>Felix Magut, is a vibrant youth representing the youth on the Hospital Management Board. He holds a Bachelor of Arts in sociology Degree from Egerton University and a Diploma in management from the Kenya Institute of Management. He brings a fresh perspective on the intersection of youth and healthcare. He recognizes the critical role that young people play in shaping the future of healthcare services, particularly in addressing emerging health challenges. Felix emphasizes the importance of engaging youth in health advocacy, education and service delivery to create a healthier, more resilient community. He believes that empowering the younger generation through access to quality healthcare and active participation in decision-making processes will lead to sustainable improvements in the county’s healthcare system.</p>
	<p>Mrs. Hellen Keter, holds a Bachelor of Arts Degree in Guidance and Counselling from the University of Eastern Africa-Baraton and a Diploma in Agriculture and Home Economics from Egerton University. She plays a pivotal role in advocating for the board to assume full responsibility for the facility and its long-term success. Recognizing concerns about the community’s perception of the facility, she champions tangible improvements in operations and infrastructure. Her leadership focuses on promoting increased accountability and transparency in management, which she identifies as essential for enhancing the hospital’s reputation and fostering trust within the community.</p>
<p>Mr.Felix Magut, B. Arts Sociology. Dip. Management-Project mgt.</p>	
	
<p>Mrs. Hellen Keter B. Arts Guidance &amp; counselling Dip. Edu. Agriculture &amp; Home economics</p>	

	<p>Johannes Menjo, is a seasoned professional with over 25 years of experience in banking and education management. He brings valuable financial and leadership expertise to the Hospital Management Board. Having risen from Junior Clerk to Bank Manager at Barclays Bank, Menjo offers a deep understanding of financial oversight, strategic planning, and operational efficiency. As the Director of Roseve Educational Centre and former Chairman of the Kenya Private Schools Association, he also brings strong governance, team leadership, and organisational development skills to support the hospital's financial growth and service delivery.</p>
	<p><b>Dr. Richard Chepkwony</b> Dr. Chepkwony Kipyegon Richard is a Pharmacist (University of Nairobi, 2004). He has specialized in Health Economics and Policy (UON,2014). He joined the public service in 2003 and has served in various managerial positions in the Health sector including Aldai Sub-county Medical Officer of Health – Nandi county and the medical superintendent of Nandi Hills Sub-county Hospital. He is currently the Medical Superintendent of Kapsabet County Referral Hospital since 28<sup>th</sup> March 2025.</p>
	<p>Nehemiah Chumba is the current sub administrator in charge of Emgwen Sub County. He is a graduate of Economics and statistics and is currently pursuing a master's degree in public administration. Additionally, he has undergone the Senior Management course at the Kenya School of Government. He previously served as a research assistant at the Kenya Institute of Public Policy and Research Analysis (KIPPRA). He has vast experience in public administration and has served in various departments at the county government, including acting Director Nandi County Youth Service.</p>

Mr. Johannes Menjo  
Dr. Richard Chepkwony  
Mr. Nehemiah Chumba  
B. Economics and Statistics

**4. Key Management Team**

Ref	Management	Details
1.	 <b>Dr. Richard Chepkwony</b>	<p>Dr. Chepkwony Kipyegon Richard is a Pharmacist (University of Nairobi, 2004). He has specialized in Health Economics and Policy (UON,2014). He joined the public service in 2003 and has served in various managerial positions in the Health sector including Aldai Sub-county Medical Officer of Health – Nandi county and the medical superintendent of Nandi Hills Sub-county Hospital. He is currently the Medical Superintendent of Kapsabet County Referral Hospital since 28<sup>th</sup> March 2025.</p>
2.	 <b>MR. Fredrick Kiptum</b>	<p>Mr. Fredrick Kiptum was appointed as the Chief Officer on 20<sup>th</sup> March 2023, He is a holder of bachelor of science degree in microbiology and biotechnology from the University of Nairobi. Fredrick Kiptum has worked as a Director Health, Administration, planning and Finance previously working as a Sub County administrator in Nandi hills. He has also worked at Safaricom PLC 2008-2011. Mr. Kiptum has vast experience in public service.</p>
3.	 <b>Mrs. Alice Jeruto Bartuin</b>	<p>Mrs. Alice Jeruto Bartuin is a Health Administrative Officer, she holds a bachelor’s degree in Human resource management from Catholic university of Eastern Africa and higher diploma in business Management from Kenya institute of management. She joined public service in 2010 and worked in different Health facilities within Nandi County. She is stationed in Kapsabet County Referral Hospital as Health administrative officer since April 2025.</p>

4.	 <p>Mr. Emmanuel Kiptanui</p>	<p>Mr. Emmanuel Kiptanui, is a Chief Nurse at KCRH. He holds a Bsc in nursing from University of Nairobi 2010. Before promotion, he served as a theatre nurse at KCRH maternity in-charge and night superintendent KCRH till the time of promotion.</p>
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## **5. Chairman's Statement**

This report presents the annual report and financial statements of Kapsabet County Referral Hospital (KRCH) for the year ending 30th June 2025. KRCH is committed to enhancing and safeguarding the health of the residents of Nandi County. Despite facing challenges arising from a downturn in the macroeconomic environment, the Financial Year 2024/2025 has been characterized by notable achievements. The Board of Management takes pride in the hospital's resilience as it continues to fulfil its mandate and maintain its role as a county referral facility.

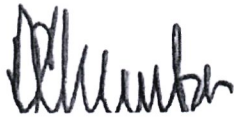
The agenda of continued transformation in Nandi County serves as our guiding principle for advancing healthcare delivery. This vision emphasizes strategies aimed at achieving specific economic, social, and governance objectives. Within the health sector, this agenda aims to ensure that all citizens have access to equitable and affordable healthcare of the highest quality. Achieving this requires a restructuring of healthcare delivery systems to prioritize preventive and promotive care, among other essential measures. Key areas of focus including access, equity, quality, capacity, and institutional frameworks—will be addressed through a devolved approach that allocates funds and responsibilities for healthcare delivery to the counties, fostering greater local control and accountability.

As the County Referral Hospital, KRCH provides an extensive range of specialized healthcare services to patients from Nandi County and neighbouring counties. These services encompass surgery, critical care, ophthalmology, oncology, radiology, palliative care, renal services, and more. Built on a foundation of prior successes and supported by robust systems and processes, along with a conducive environment, the year 2024/25 reaffirmed our commitment to delivering exceptional, personalized care infused with innovative approaches.

The management and operations of KRCH adhere to the legal, policy, and institutional frameworks that govern the health sector. These frameworks ensure the efficient and effective delivery of services within the hospital. Aligned with the Kenya Health Sector Strategic and Investment Plan 2018–2030, our efforts are directed toward strengthening the health system to provide quality healthcare for all, under the Constitution of Kenya (2010) and the long-term development objectives of Nandi County's transformation agenda. Priority investment areas include the establishment of a resilient health system capable of responding to disease outbreaks and adapting to changes in epidemiological patterns. Additionally, we focus on enhancing health information systems to monitor performance and generate data for evidence-based reforms. Given KRCH's strategic position within the county health sector, the Board remains committed to ensuring the continuous delivery of quality services to the community.

Throughout the year, the hospital has encountered ongoing challenges within a dynamic business environment, necessitating a continual enhancement of service quality for our patients. In response to this, the Board is dedicated to allocating resources and supporting initiatives that uphold KRCH's leadership role in the healthcare sector.

On behalf of the Board, I would like to express our sincere gratitude to all stakeholders, particularly the county department of health, the county treasury, and our partners, for their unwavering support toward the hospital. Without their collaboration, our achievements would not have been possible. As we move into a new year, I want to extend my heartfelt appreciation to the dedicated staff, specialists, team leaders, and Board members of KRCH. Their commitment to their roles and embodiment of our hospital's mission and values is truly commendable and serves as an inspiration to us all.



.....  
**Name: Dr John Chumba**  
**Chairman to the Board**

**6. Report of The Medical Superintendent**

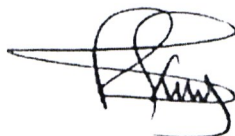
The financial statement of Kapsabet County Referral Hospital {KCRH} for the financial year ended 30<sup>th</sup> June 2025 demonstrates our commitment to value for money while keeping an eye on the processes that lead to a high quality of health services offered to our clients.

Kapsabet County Referral Hospital formerly, Kapsabet district hospital was established in 1930s by the colonial settlers. It was taken over by the native council in 1952 and later, full government control in 1963. It has grown by leaps and bounds to be what it is today acting as a referral centre to all the facilities in Nandi and beyond.

KCRH boasts of a staff establishment of over 300 members of staff spread across all cadres in health. We offer a wide range of services from comprehensive outpatient to inpatient with an 200 bed capacity. A good number of specialist services are provided like medical outpatient clinics, ENT, Eye, TB, Dermatology, HIV/AIDS, Plaster, Physiotherapy, GBV, Mental Health, Imaging, Orthopedic surgery, obstetrics and gynecology, pediatrics, Echo/ECG, Audiology, Dialysis, ICU and general surgery with two operating theaters. We also have a Satellite blood bank, a PSA plant that supplies the hospital with Oxygen alongside a liquid oxygen tank which supplies the hospital through a set of manifolds.

In the financial year 2024/2025; we were able to triple our revenues as compared to the previous year. This was made possible due to leveraging of SHA payment mode and sealing of revenue leaks across the board. We were among the early adopters of 100% SHA compliance. We have been able to ensure constant availability of medical supplies, do repairs, renovations as well as acquiring new equipment. We have a firm belief that, with UHC and SHIF, our revenue base may actually double and if that is realized, it will put our facility at a better pedestal to provide quality services to those who need them.

Several challenges have conspired to ensure that service delivery isn't smooth. Key among them is the biting staff shortage across cadre's especially nursing, medical officers, laboratory and administrative support. Delayed reimbursement too has been KCRHs biggest impediment to expansion of revenue streams through adding services to our menu offerings.



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**Name: Dr. Richard Chepkwony**

**Secretary to the Board**

## **7. Statement of Performance Against Predetermined Objectives**

Kapsabet County Referral Hospital has 4 strategic enablers and objectives within the current Strategic Plan for the FY 2024/25 - FY 2028/29. These strategic enablers are as follows;

### **1. Governance, leadership and management**

The hospital is dedicated to strengthening its capacity in stewardship so as to ensure that there is an inspired commitment to the overall mission and vision. Through strengthening governance, leadership and management the hospital envisages that the spectrum of relationships with key stakeholders will be improved and that staff of the hospital will align their objectives to the overall hospital strategies.

### **2. Infrastructure and Equipment**

Modernization of our facilities, equipment and technology will continue to be a major initiative in improving the delivery of care and the overall patient experience Kapsabet County Referral Hospital requires major investments in buildings, equipment and technology to meet the projected service demand. However, the current state of physical infrastructure at the hospital is not satisfactory, hence renovation and expansion of existing facilities as well as construction of new facilities is required. The mother and baby complex is coming up very nicely and currently at 90% completion.

### **3. Finances for sustainability**

In addition to securing appropriate levels of government funding and taking advantage of opportunities under new funding programs, initiatives will be undertaken by the hospital to mobilize resources for financial sustainability. The financial health of the hospital will be closely monitored to ensure that resource mobilization efforts are scaled up and that mobilized resources are effectively and efficiently utilized and accounted for.

### **4. Human resource development**

The development of the human capital remains central and key to the achievement of the goals of Kapsabet County Referral Hospital. Improvement of efficiency and effectiveness in service delivery is highly dependent on the availability of adequate, competent and motivated workforce. Kapsabet County Referral Hospital develops its annual work plans based on the above 4 strategic enablers. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kapsabet County Referral Hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic enablers, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Governance, leadership and management	Ensure that the legal framework installs an autonomous KCRH	Number of policies developed	Engage the county health leadership towards identification of appropriate legal framework for implementing this strategic plan	The Hospital health management and the County Health management team concur on the need to have an autonomous KCRH
		Number of planning meetings held	Participate in and support the development of the appropriate legal framework	Governor's delivery unit has okayed the development of the strategic documents and legal instruments to confer KCRH autonomy
	Develop focused capacity building program for both the hospital management committee and hospital management team/ Augment capacity for change and growth	Number of trainings to health workers conducted	Establish the capacity gaps for HMB and HMT members	Capacity gaps of HMT and the HMB is documented
			Developing and run a program to help HMB and HMT members champion change to support their staff	
			Carry out annual performance assessment of the HMB and HMT teams and members	HMT meembers were appraised as part of the wider team
	Streamline and strengthen the capacity of hospital service delivery subcommittees	Number committee meetings held	Take stock of all hospital committees, their roles and responsibilities as well as membership	
			Reorganize the hospital committees for effectiveness and efficiency through clarifying their	Activation of 8 Hospital Committees was done during the financial year.

*apsabet County Referral Hospital (Nandi County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

			roles and responsibilities	
	Redesign the hospital management structure to create effective linkages and improve communication	Hospital organogram developed	Review the hospital organization structure aligned to the delivery of this strategic plan	The HMT was reorganized to ensure diverse groups are represented in management
		Number of sensitization meetings	Sensitize all hospital staff on the revised hospital governance and management structure	
		Development of job descriptions	Develop clear job descriptions for each hospital role	
	Establish and strengthen a hospital quality assurance unit	hospital quality assurance unit in place	Establish a hospital quality assurance unit Develop and implement a quality assurance program	A quality improvement team was appointed during the financial year
Human resource development	Strengthening continued professional development	Number of CMEs Trainings	Constitute training committee	A training committee was appointed and has processed several training applications
		No of HODs Trainings	Carry out training needs Assessment	
		No of training program	Develop and implement training program for hospital staff	
	Strengthening the existing workforce	No of new staff recruited	Recruit additional staff to enhance service delivery capacity (schedule for recruitment in subsequent section)	23 lab staff were recruited to the permanent and pensionable establishment.
Enhance customer care	Number of trainings	Conducting public relations training for staff	One training was done on customer service	

		Number of suggestion boxes	Establish/strengthen use of suggestion boxes	
		No of customer care assessments	Undertake periodic assessment of customer satisfaction	
		Number of customers care desk	Establish customer care desk	A customer care desk was established
Strengthening performance management system		No of sensitized staff	Sensitize staff on staff Appraisals	All staff were sensitized on performance appraisal ahead of rollout
		No of units with set targets	Establish performance targets on an annual basis	Targets were set per individual
		No of support supervision	Strengthen support supervision of departments	
		No of staff recognized	Setting up performance recognition criteria	
		No of team building sessions	Conduct team building of staff and the management of KCRH	
Regularly review Staffing allocation versus norms and standards		No of committees meetings	Review of appropriateness of staff ratios and numbers based on workload	
Finances for sustainability	Sustaining transparency and accountability across the hospital	No of committees	Restructure the committees responsible for monitoring resource utilization (including EEC, FIF, Waiver, Procurement and HMC Finance subcommittee)	

*apsabet County Referral Hospital (Nandi County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

		No of HODs trainings	Train departmental heads in financial Management	
Scale up resource mobilization program (Fee collection, partnerships)		No of resource strategies	Develop a resource mobilization strategy	
		No of departments charges reviewed	Review the master list of charges for hospital services and align to strategy	Charges per unit reviewed in July 2024
		No of non-operational revenues collected	Streamline collection of hospital non-operational revenues	
		No of new NHIF members enrolled	Mobilize community for enrollment with National Hospital Insurance Fund and other insurance agencies	Clients mobilized actively to enlist with SHA through a desk at the hospital. As at end of June 2025, 80% of clients are on SHA
		No of new partners	Seek partnerships to raise funds for specific initiatives (for example, the expansion of renal)	
Enhance the financial management system	No of departments automated	Implement an integrated hospital financial information system that includes electronic and mobile money payment systems		
Infrastructure and Equipment	Develop norms and standards to guide planning, development and maintenance of health infrastructure.	No of buildings meeting infrastructure norms and standards	Formation of a committee	
		No of committee meetings	Monthly meetings of the committee	
		No of facility master plan	To draw a master plan of the facility	

<p>Adopting evidence based health infrastructure investments, maintenance and replacement of the existing physical through utilization of the available norms and standard initialize with existing policies</p>	<p>No of buildings meeting infrastructure norms and standards</p>	<p>Develop planned preventive schedule for the equipment and buildings.</p>	
<p>Continuous lobbying for increased development budget to put new strategic infrastructural projects</p>			
<p>Prioritization of infrastructure development to high impact investments</p>			
<p>To expand physical space</p>	<p>No. of benchmarking visits</p>	<p>Bench marking with facilities on utilization of physical space</p>	

## **8. Corporate Governance Statement**

KCRH acknowledges the significance of establishing a robust corporate governance framework, procedures, and protocols, and is deeply committed to maintaining high standards of transparency, accountability, responsibility, and equity within the Hospital and towards our stakeholders. The Board is tasked with supervising how Management effectively serves the interests of shareholders and other stakeholders concerning environmental, social, and governance aspects, as well as matters pertaining to risk management, regulatory and governmental shifts, and global trends.

### **The Board of Management**

The composition of the KCRH Board of Management adheres to the guidelines outlined in the County Government Act of 2012, consisting of 7 members. The selection of Board members emphasizes diversity in gender, age, ethnicity, and culture. Furthermore, the current Board possesses a wide range of expertise and experience in areas such as medicine, finance, community development, and administration. External specialists and independent professional advisors are consulted as necessary to supplement the Board's capabilities.

### **Appointment of the Board.**

The Chairman of the Board, along with 6 additional members, were appointed by the County Executive Committee Member for Health for a period of three years and gazetted on 26<sup>th</sup> may 2023 and inducted in September 2023 following the below criteria.

The Board shall consist of seven (7) members who shall be:-

- (a) A member of the public appointed by the County Executive Committee Member who shall be the chairperson of the board;
- (b) the area sub-county administrator as an ex-officio member appointed under Section 50 of the County Governments Act, 2012;
- (c) the facility in-charge who shall be the secretary to the Sub-County hospital board;
- (d) a member of the public with knowledge and experience on health matters appointed by the County Executive Committee Member;
- (e) three (3) members of the public who shall be residents of the area of jurisdiction, appointed by the County Executive Committee

- (i) Member representing the persons— following categories of one person who shall have knowledge Sub-County hospital management boards. Nandi County Facilities Improvement Fund and experience in administration matters; and
- (ii) two (2) people representing persons from the following special interest groups namely, people living with disabilities, youth or women.
- (iii) Membership of the Sub-County hospital management board shall respect and reflect the diversities in the County.
- (iv) At least one third of the membership of the hospital management board shall be from the opposite gender

Their remuneration is as per SRC guidelines and Nandi county Facilities act 2022. The Mwongozo code of conduct stipulates the policy on Ethics and conducts, governance audit, communication policy, terms of reference of committees and policy on related transactions.

**Board of Management Composition.**

The members of the Board of Management who served during the year are as shown below:

Table 2: Board Composition

<b>Board member</b>	<b>Board Position</b>	<b>Appointment Date</b>	<b>Retire Date</b>
Dr. John chumba	Chairman	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Dr. Chepkwony Richard	Medical Superintendent	1 <sup>st</sup> March 2024	26 <sup>th</sup> May 2026
Dr. Sulpyline Kebenei	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Hellen Keter	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Eng. Mathew ketter	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Edward kosgei	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Prof. Tecla Sum	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Felix Magut	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026
Johannes Menjo	Member	26 <sup>th</sup> May 2023	26 <sup>th</sup> May 2026

### **Role of the Chairman.**

The Chairman holds the responsibility for providing strategic leadership to the board, playing a pivotal role in fostering conditions for the board's overall effectiveness. This includes promoting an open environment for discussion, ensuring all members can freely express their views and contribute effectively. The Chairman also ensures that the board actively participates in shaping the Hospital's strategies and policies. Moreover, they oversee the scheduling of board meetings as needed and ensure that members receive accurate, timely, and adequate information to fulfil their duties effectively.

### **Role of the Board**

The Board of Management, with the support of Board Committees and the Secretary-Medical Superintendent, bears the responsibility for promoting good corporate governance and stewardship of the Hospital. The Board, with its committees, offers strategic guidance, while the Medical Superintendent, aided by the Hospital Management Team, is accountable to the Board for executing the strategy. Board members are expected to demonstrate responsibility, prudence, and skill in carrying out their fiduciary duties on behalf of the Hospital.

The roles and responsibilities of the Board as set out in the Board Charter include:

- i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- iii) Providing oversight in financial reporting to the Government and communication to stakeholders.
- iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- v) Safeguarding Hospital assets by instituting appropriate internal control systems.
- vi) Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- vii) Overseeing business affairs of the Hospital in light of emerging risks and opportunities.

- viii) Ensuring the Hospital complies with all relevant laws, regulations and codes of best business practices.
- ix) Approving annual budgets.

**Board Work Plan and Meetings**

A work plan outlining an annual schedule of meetings for the Board and its committees is prepared in advance. The Chairman, in collaboration with the medical superintendent, determines the agenda for each Board meeting, which is then circulated to members at least seven days prior to the meeting.

In the year under review, the Board held a total of 4 meetings to consider pertinent issues relating to strategy, business performance and sustainability of the Hospital.

**Table 3: Board and committee meeting attendance**

Board member	Total number of board meetings	Board committees			
		Clinical research & standards committee	Human capital Finance & administration	Corporate strategy & Enterprise	Risk & Audit
Dr. John Cheruiyotchumba	4	0	0	0	0
Dr. Sulpylin kebenei	0				
Hellen keter	4		3		
Eng. Mathew Ketter	4				
Edward Kosgei	4				
Prof. Tecla Sum	0				
Dr Chepkwony Richard	2		1		
Dr Tanui Shadrack	2		2		
Felix Magut	4				
Johannes Menjo	4		3		

## **Board Committees and Responsibilities**

To improve efficiency and effectiveness, the Board established four standing committees with well-defined terms of reference covering key operational areas. These committees operate with delegated authority without diminishing the Board's overall accountability. Committee members are appointed based on their relevant skills and experience. When required, the Board may establish an ad hoc committee to address specific issues not within the purview of existing committees. The medical superintendent serves as the secretary to all Board committees except the Audit and Risk Committee, for which the Head of Internal Audit fulfils this role.

## **Board Committees and Roles**

### **Clinical Research & Standards Committee**

- i) Identifying health care service problems in the hospital and ensuring that they are resolved.
- ii) Review any changes on policy issues on standards, quality assurance and research.
- iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery.
- iv) Undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital based on health professional's handbook on quality management in health care in Kenya.

### **Human Capital, Finance & Administration Committee**

- i) Monitoring the Hospital annual budget and overseeing the Hospital's financial management.
- ii) Monitoring the Hospital annual procurement plan and overseeing procurement of goods and services.
- iii) Establishing human resource policies and corporate organizational structure.
- iv) Appointment, promotion and disciplinary issues of senior staff.
- v) Establishing remuneration structure for the staff.
- vi) Developing succession plan for senior staff.
- vii) Reviewing performance of the staff pension scheme.

### **Corporate Strategy Enterprise Committee**

- i) Reviewing the Five-Year Corporate Strategic Plan and oversees the annual implementation of the Hospital's strategy.
- ii) Advising the Board on strategies to enhance performance of the Hospital.

- iii) Monitoring major projects under implementation and directing strategies for improving customer service.
- iv) Resource mobilization and forging partnerships/linkages.
- v) Overseeing realization of the targets set out in the Board's Performance Contract.

**Risk and Audit Committee**

- i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board.
- ii) Reviewing the performance, objectivity, and independence of external auditors.
- iii) Consideration of audit findings by the external auditors.
- iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function.
- v) Reviewing the Hospital's internal control and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework.
- vi) Ensuring adherence to the code of ethics and integrity in financial transactions of the Hospital.

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

Kapsabet County Referral Hospital continues its provision of wide range of of highly specialized healthcare services to the residents of Nandi County and patients from neighbouring areas. These services encompass outpatient general care, accident and emergency services, dental care, ear, nose, and throat (ENT) services, orthopaedics, mental health services, physiotherapy, ophthalmology, oncology, renal care, minor surgical procedures, and nutrition services, alongside comprehensive care clinics. Clinical support services include laboratory services, radiology which encompasses CT scans, ultrasound, mammograms, endoscopy, and pharmacy services. Specialties available for consultation include paediatrics, internal medicine, surgery, and obstetrics/gynaecology. Mother-child services such as antenatal and postnatal care, as well as immunization, are provided. Given our county's prominence in athletics and sports, we offer allied health and sports medicine services.

Inpatient services include general medicine, surgical procedures, paediatrics, maternity care, obstetrics/gynaecology, mental health care, and palliative care. Additionally, rehabilitative services, high dependency units (HDU/ICU), and theatre operations are also available.

The on-going projects at Kapsabet County Referral Hospital are progressing well. The Maternal and Child Health (MCH) project is almost complete, with around 90% of the work done. The Nyayo wards were renovated. AMREF Kenya has installed a 3000Lts oxygen tank and are in the process of installing a manifold system across several service delivery while the Children's Speech and Hearing Loss Foundation has partnered with the hospital to establish an audiology centre. In addition, the hospital has constructed a new access road to the oxygen plant, and the construction of 108 body mortuary which is at 70% completion.

### **Clinical /operational Performance**

The general outpatients' attendances for the year 2023/24 were 91,904 and inpatients admissions 6,613 patients. The year 2024/25 outpatients were 99,639 and inpatient admissions 6,537 patients. There was an increase in outpatient attendances of 8.4% which was attributed to improved efficiency on service delivery as well as use of NHIF outpatient cover. Inpatient admissions decreased by 1% which was caused by Medical Officers interns' strike.

*Kapsabet County Referral Hospital (Nandi County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

	2020/21	2021/22	2022/23	2023/24	2024/25
Bed capacity	200	200	200	200	200
Bed occupancy					100%
Overall attendance	57772	41276	48879	79053	156,254
Accident and Emergency	-	-	-	14830	13,520
Special clinic	13599	14738	13417	16581	27,394
Deliveries	4185	4909	4025	4024	
ANC	6775	9834	9817	10853	
CT Scan	116	575	795	1201	
Theatre	1355	2238	2215	5239	1864
Average length of stay for inpatient					3 days
Mortality rate					15%

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

### **i) Sustainability strategy and profile**

Kapsabet County Referral Hospital acknowledges that global climate change, economic pressures, and evolving public health demands continue to influence our sustainability agenda. Escalating healthcare costs, supply chain disruptions, and rising energy prices—compounded by the effects of climate variability—require hospitals to adopt resilient, resource-efficient, and inclusive systems.

Our sustainability framework is informed by international best practices, including environmental and social governance (ESG) principles, while aligning with the national development agenda and the Nandi County Integrated Development Plan (CIDP) 2023–2027. Our priorities include responsible resource use, health system strengthening, environmental protection, and inclusive procurement practices.

Key achievements in the reporting period include:

Plans to instal solar-powered water heating and lighting systems in select wards, reducing reliance on grid electricity, Implementation of improved biomedical waste segregation and disposal mechanisms and increased uptake of digital systems to minimize paper use and improve efficiency.

However, the hospital faced challenges including delayed procurement processes and limited funding for green infrastructure. In response, we pursued partnerships to co-finance eco-friendly facility upgrades.

Our Service Delivery Charter remains a key accountability tool—ensuring that patient care is timely, dignified, and transparent. In adherence to the Public Procurement and Asset Disposal Act, 37% of contracts this year were awarded to youth, women, and persons with disabilities (PWDs). Local suppliers continue to play a critical role in ensuring sustainability and economic empowerment within the county.

Going forward, Kapsabet County Referral Hospital remains committed to integrating sustainability into all its operations—focusing on environmental stewardship, financial prudence, and social inclusion.

**ii) Environmental performance**

Kapsabet County Referral Hospital prioritizes environmental protection, efficient use of resources, and compliance with both national and county environmental regulations. The regulations provide a framework for responsible waste management, reduction of emissions, sustainable infrastructure, and the promotion of green practices in healthcare delivery.

During the 2024/2025 financial year, the hospital made substantial progress in implementing this policy. Identification of buildings to host solar batteries was done in a bid to significantly lower electricity consumption. Digital systems for communication, inventory, and records were adopted, contributing to a notable reduction in paper usage across departments. Plastic use has been minimized by encouraging reusable containers and eliminating single-use bottles from hospital operations.

Waste management was strengthened through the hospital-wide use of color-coded bins, improved segregation, and disposal systems in compliance with public health and NEMA standards. Though adoption of biodegradable packaging is still limited, procurement practices are being revised to prioritize environmentally friendly supplies.

Efforts to manage biodiversity were visible through landscaping initiatives that introduced drought-resistant native trees and plants, reducing irrigation needs while enhancing the hospital's green spaces.

Routine vehicle maintenance has helped reduce carbon emissions, while new facility designs have incorporated natural ventilation, open-plan layouts, and energy-saving features such as automated lighting.

However, some challenges persist, including limited coverage of eco-friendly infrastructure and inconsistent compliance with waste segregation protocols in certain wards. To mitigate this, the hospital is rolling out phased training for staff and seeking funding partnerships for green upgrades. Overall, the hospital continues to integrate climate-smart technologies and practices to reduce its ecological footprint while maintaining high standards of patient care.

**iii) Employee welfare**

Kapsabet County Referral Hospital implements an inclusive Human Resource Policy that ensures fair and transparent recruitment processes. The hiring framework actively promotes gender balance and equitable

representation of youth and persons with disabilities (PWDs). Recruitment is conducted publicly and competitively, with oversight to ensure compliance with public service guidelines.

Stakeholder engagement, particularly with the County Public Service Board and staff representatives, informs policy updates. These policies are reviewed biennially or as circumstances require.

To support staff development, the hospital provides regular in-service training, mentorship, and career advancement opportunities. Performance is assessed through a formal appraisal system, which also guides promotions and recognition of excellence.

The hospital fully adheres to the Occupational Safety and Health Act (OSHA), 2007. Safety protocols are enforced through regular training, workplace inspections, and provision of personal protective equipment (PPE). Notably, during the 2024/2025 financial year, there were no reported cases of work-related injuries, reflecting a strong safety culture and high compliance among staff. In addition, a wellness program provides counselling and occupational health support to promote staff well-being.

Kapsabet County Referral Hospital remains committed to maintaining a safe, inclusive, and empowered workforce.

#### **iv) Market place practices-**

##### **a) Responsible Competition Practices**

Kapsabet County Referral Hospital ensures fairness and transparency through open tendering and strict compliance with procurement laws. Anti-corruption efforts include regular staff sensitization and internal reporting mechanisms. The hospital remains apolitical in all decisions. Service delivery has been improved through automation of billing and inventory systems, while the Service Charter and cashless payment options enhance accountability. Public outreach forums and facility visits are used to educate the public on available services and expectations.

##### **b) Responsible Supply Chain and Supplier Relations**

The hospital treats all suppliers fairly by awarding contracts competitively and honoring payment agreements. Special attention is given to youth, women, PWDs, and local businesses, in line with procurement regulations. Supplier meetings are held to provide updates and address concerns, fostering long-term partnerships.

c) Responsible Engagement with Citizens

Public sensitization is conducted through community forums, media updates, and hospital notice boards. Information shared is factual, inclusive, and respectful of cultural diversity. Feedback is encouraged through suggestion boxes and helplines to improve service responsiveness.

d) Product Stewardship and Awareness Creation

The hospital protects patient rights by ensuring data privacy, providing accurate information about services like SHIF, and offering clear complaint and redress procedures. Outreach programs also raise awareness on healthcare access, emergency rights, and reporting unethical conduct.

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

During the 2024/2025 financial year, Kapsabet County Referral Hospital undertook several CSR initiatives aligned with its healthcare mandate. The hospital organized free medical camps across selected areas in Nandi County, offering services such as cancer screening, immunization, and maternal check-ups. Over 600 community members benefited from these outreach activities.

The hospital also held health sensitization forums focused on maternal care, hygiene, and non-communicable diseases. These forums were delivered through public barazas, local radio programs, and in-facility sessions, reaching thousands of residents.

Additionally, the hospital actively participated in county public participation forums, contributing to health sector planning and ensuring community input was incorporated into service delivery priorities.

These initiatives demonstrate the hospital's commitment to improving public health and fostering positive community engagement beyond its core clinical services.

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

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

### **Principal activities**

The hospital provides comprehensive, patient-cantered healthcare across emergency, outpatient, and inpatient services, spanning specialized clinics for eyes, ENT, dental, psychiatry, internal medicine (including ICU, oncology, renal), reproductive and child health, surgery, orthopedics, and rehabilitation. We offer advanced diagnostic support, such as laboratory testing (hematology, biochemistry, microbiology, pathology) and imaging (X-ray, ultrasound, CT, MRI, mammography). Beyond clinical care, we ensure seamless health information management and administrative support through admissions, library resources, financial and procurement coordination, public health initiatives, chaplaincy, social work, and human resources—united in delivering compassionate, efficient, and holistic patient care.

### **Results**

The results of the **KCRH** for the year ended June 30<sup>th</sup> 2025 are set out on pages 1 to 55

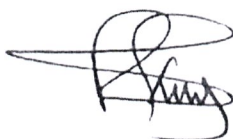
### **Board of Management**

The members of the Board who served during the year are shown on page Vii, Viii, Ix. During the year, 2025 none of the director(s) retired/ resigned.

### **Auditors**

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

By Order of the Board



.....  
**Name: Dr. Richard Chepkwony**  
**Secretary to the Board**

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

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of KCRH, which give a true and fair view of the state of affairs of KCRH at the end of the financial year/period and the operating results of the KCRH for that FY 2024/2025. The Board of Management is also required to ensure that KCRH keeps proper accounting records which disclose with reasonable accuracy the financial position of the KCRH. The council members are also responsible for safeguarding the assets of the KCRH.

The Board of Management is responsible for the preparation and presentation of KCRH financial statements, which give a true and fair view of the state of affairs of KCRH for and as at the end of the financial year (2024/2025) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KCRH, (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 KCRH; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

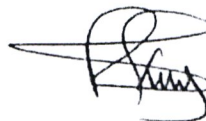
Nothing has come to the attention of the Board of management to indicate that KCRH will not remain a going concern as at the date of this statement.

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

The Hospital’s financial statements were approved by the Board on 04/09/2025 and signed on its behalf by:



.....  
**Name: Dr. John Chumba**  
**Chairperson**  
**Board of Management**



.....  
**Name: Dr. Richard Chepkwony**  
**Accounting Officer**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON KAPSABET COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NANDI

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### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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 Kapsabet County Referral Hospital – County Government of Nandi set out on pages 1 to 55, which comprise of the

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*Report of the Auditor-General on Kapsabet County Referral Hospital for the year ended 30 June, 2025 - County Government of Nandi*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapsabet County Referral 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 County Governments Act, 2012, Health Act, 2017 the Nandi County Facilities Improvement Fund Act, 2022 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Rendering of Medical Services Income**

The statement of financial performance and as disclosed in Note 11 to the financial statements, reflects income from rendering of services – medical service income of Kshs.311,732,823 which further includes Kshs.172,373,492 and Kshs.57,463,173 in relation to other medical service income and outstanding Social Health Authority (SHA) claims respectively all totalling to Kshs.229,836,665 which was however, not supported by detailed schedules of the amounts claimed and disbursed to the Hospital.

In the circumstances, the accuracy and completeness of rendering of services income of Kshs.311,732,823 could not be confirmed.

#### **2. Unaccounted for Revenue from Rented Facilities**

The statement of financial performance and as disclosed in Note 12 to the financial statements, reflects a Nil balance on revenue from rent of facilities. However, the Hospital owns staff quarters that have been rented out to undisclosed number of staff. Similarly, the Hospital owns a canteen occupied by persons whose identities were not disclosed. The terms of tenancy for the rented facilities were not provided for audit review. In addition, there was no contractual agreements between the Hospital and the tenants. Further, the Hospital did not have a housing policy to guide house allocations. Lease agreements, invoices, and rental payment receipts for the rental houses were not provided for audit review.

In the circumstances, accuracy of rental income could not be confirmed.

#### **3. Valuation of Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 32 to the financial statements reflects property, plant and equipment of Kshs.6,445,645 which includes net book values for plant and medical equipment of Kshs.4,243,510. However, Management did not

provide valuation reports, contract agreement or any other documents to show the basis of the value of plant and medical equipment reported.

In the circumstances, the accuracy and valuation of plant and medical equipment of Kshs.4,243,510 could not be confirmed.

#### **4. Lack of Depreciation and Amortization Policy**

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects Kshs.1,669,007 on depreciation and amortization expense. However, the Hospital did not provide a policy on depreciation and amortization.

In the circumstances, the accuracy of the depreciation and amortization expenses of Kshs.1,669,007 could not be confirmed.

#### **5. Long Outstanding Trade and Other Payables**

The statement of financial position and as disclosed in Note 36 to the financial statements reflects trade and other payables of Kshs.71,858,134. However, the creditors' ledger and ageing analysis was not provided, thus it was not possible to ascertain the duration the liabilities had been outstanding. Further, Management did not demonstrate measures put in place to ensure bills were paid on time to avoid further accumulation.

Further, review of documents provided revealed that the payables amounting to Kshs.3,139,562 relating to the previous financial year were still outstanding and were not captured in the budget, and did not form the first charge. Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs to which they have to be charged. Delay in settling bills may attract legal cases, interest in case of disputes, and affect the following year's budget.

In the circumstances, the ability of the Hospital to settle the outstanding trade and other payables balance of Kshs.71,858,134 could not be confirmed.

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

The statement of financial position and as disclosed in Note 29 to the financial statements, reflects receivables from exchange transactions of Kshs.57,463,173, which in turn relates to transfers from the County Government in respect to National Health Insurance and Social Health Authority (SHA) refund claims. However, the supporting schedules indicating the name of the debtor, services offered, invoice number, amount claimed, amount paid, outstanding balances, and monthly reconciliations were not provided for audit. In addition, the contract agreement between the Hospital and the NHIF, indicating the terms and conditions of operations, was not provided for audit. Further, there was no evidence to indicate that proper mechanisms had been put in place to recover these long-overdue debts.

In the circumstances, the existence, accuracy, and completeness of the receivables from exchange transactions balance of Kshs.57,463,173 could not be confirmed.

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

## **Emphasis of Matter**

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit report of the previous year, 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. Although the Management has indicated that some issues have been resolved and others partially resolved, there is no evidence adduced to show how the matters have been resolved (See Appendix 1).

### **Other Information**

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

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

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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. Irregular Waivers and Exemptions**

The statement of financial performance and as disclosed in Note 25 to the financial statements, reflects negative Kshs.(8,971,173) in respect to waivers and exemptions. However, Management did not provide for review written authority to the officers to grant waivers and exemptions from the Accounting Officer or the Receiver of Revenue. This was contrary to Regulation 64(3) of the Public Finance Management (County Governments) Regulations, 2015 which provide that the Accounting Officer or Receiver of Revenue or Collector of Revenue shall include in the report under paragraph (1), the following details in respect of each waiver or variation; (a) the full name of each person benefiting from the waiver or variation; (b) the amount of tax, fee or charge affected by the waiver or variation; (c) the year to which the waiver or variation relates; (d) the reasons for the waiver or variation.

In addition, there was no assessment report indicating the patient's inability to pay for the services rendered or a quarterly report submitted to the County Treasury and the Auditor-General.

Further, the amount waived was not supported by invoice amount per patient, waiver policy detailing criteria and guidelines on how the waiver was executed, minutes of the Waiver Committee, and approval by the Accounting Officer.

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

### **2. Failure to Maintain Revenue Cash Book**

The statement of financial performance, as disclosed in Note 11 to the financial statements, reflects rendering of services-medical service income of Kshs.311,732,823. Review of the documentation provided revealed that the income was collected and deposited in the Facility Improvement Fund Account. However, Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account, withdrawals through Authority to Incur Expenditure (AIE), and receipts of revenue receivables. This was contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other

books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

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

### **3. Failure to Implement E-Procurement Systems**

During the year under review, the Hospital did not fully implement e-procurement and it was noted that tenders were maintained and publicized on the Hospital's website, and bids could be submitted on the same website. This was contrary to the Executive Order No.2 of 2018 which requires Hospital to maintain and continuously update, through the websites of e-citizen, Public Procurement Regulatory Authority platforms, public notice boards and/or official Government publications, a complete information of all tenders, and that the Hospital, updates and publicize a separate comprehensive list of all registered suppliers, contractors and consultants in the various specific categories of goods, works and/or services pre-qualified to its procurement needs and consolidated and published the information above by 15<sup>th</sup> day of every subsequent month, outlining the tender and supplier data for the previous month. In addition, there was no approved procurement plan.

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

### **4. Lack of Hospital's Commitment to Climate Change Agreements**

Review of the Hospital's records and physical verification of its infrastructure revealed that the Facility did not have a policy on climate change adaptation, had not undertaken an environmental social impact assessment, and had not conducted environmental audits, contrary to the requirements of the Environmental Management and Coordination Act (EMCA), CAP 387.

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

### **5. Non-Compliance with Data Protection Laws**

Audit review revealed that the Hospital collects and processes data of patients during its day-to-day operational activities. The Hospital also handles data related to its employees and suppliers. The data collected and processed by the Hospital are personal and sensitive, such as patient medical history, patient current health conditions, mobile phone number details, next of kin, bank account details, patient dependents, mobile money accounts, Social Health Authority (SHA) membership details, date of birth, national identification/passport numbers, among others. Review of the data collection, processing, and storage operation activities by the Hospital revealed the following breaches of the data protection laws as at the time of audit in August, 2025;

- i. The Hospital had not established personal data retention schedule contrary to Regulation 19(2)(a) of the Data Protection (General) Regulations, 2021 which requires a data controller or data processor to establish personal data retention schedule with appropriate time limits for the periodic review of the need for the

continued storage of personal data that is no longer necessary or where the retention period is reached.

- ii. The Hospital had not established appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes. This was contrary to Regulation 19(5) of the Data Protection (General) Regulations, 2021 which states that a data controller or data processor shall establish appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes.
- iii. The Hospital had not developed and published a policy reflecting their personal data handling practices contrary to Regulation 23(1) of the Data Protection (General) Regulations, 2021, which states that a data controller or data processor shall develop, publish, and regularly update a policy reflecting their personal data handling practices.
- iv. Management had not implemented the elements necessary to safeguard the principle of storage limitation including having in place a clear internal procedure for deletion and destruction of personal data of subjects, determining what data and length of storage of personal data that is necessary for the purpose and formulating internal retention statements of implementing them. This was contrary to Regulation 35 of the Data Protection (General) Regulations, 2021 which states that the elements necessary to implement the principle of storage limitation include (a) having clear internal procedures for deletion and destruction; (b) determining what data and length of storage of personal data that is necessary for the purpose; (c) formulating internal retention statements of implementing them;
- v. There was no evidence that Management of the Hospital conducts data protection impact assessment before processing of patient data, contrary to Regulation 49(2) of the Data Protection (General) Regulations, 2021, which states that a data processor or data controller shall, before processing data under sub-regulation (1) conduct a data protection impact assessment.

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

## **6. Lack of Quarterly Revenue Statements**

The statement of financial performance and as disclosed in Note 11 to the financial statements, reflects Kshs.311,732,823 in respect to rendering of medical service income. However, quarterly revenue statements were not provided for audit. This was contrary to Section 158(3) of the Public Finance Management Act, 2012, which requires a receiver of revenue to prepare and provide quarterly revenue statements to the County Treasury with copies to The National Treasury and the Commission on Revenue Allocation.

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

## 7. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Review of Hospital records and verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of 251 or 78% of the 323 authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	50	22	28	56%
Anesthesiologists	7	0	7	0%
General Surgeons	4	3	1	25%
Gynecologists	4	3	1	25%
Pediatrics	4	2	2	50%
Radiologists	4	1	3	75%
Kenya Registered Community Health Nurses	250	47	203	81%
<b>Total</b>	<b>323</b>	<b>72</b>	<b>251</b>	<b>78%</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Beds	500	200	300	60%
Resuscitaire (2 in Labor & 1 in Theatre)	3	2	1	33%
Newborn Unit Incubators	10	2	8	80%
Newborn Unit Cots	10	4	6	60%
Functional ICU Beds	12	3	9	75%
High Dependency Unit (HDU) Beds	12	0	12	100%
Renal Unit with at least 5 Dialysis Machines	5	4	1	20%
Two Functional Operational Theatres-Maternity & General	2	2	0	0%
<b>Total</b>	<b>552</b>	<b>217</b>	<b>337</b>	<b>61%</b>

Further, during physical inspection carried out in the month of September, 2025 revealed that a number of equipment had anomalies as indicated below;

<b>Location</b>	<b>Equipment</b>	<b>Status</b>
Renal Unit	Dialysis machines	One out of five non-functional
Radiology Department	CT – 1, ultrasound – 2, OPG – 1 Xray – 2, mammogram - 1	CT scan non-functional
Laboratory	Hematology analyzer 3, biochemist analyzer 3, immunoassay1, microscope 7, biosafety cabinet 1, fine care 1, incubator 4 hot air 2 water bath 4 geneXpert 1 EC90 1 biosensor 1 Frige 7 INR machine 1	One Hematology is non-functional
Dental Department	One dental chair	Functional

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

In the circumstances, the Hospital will not be able to deliver on its mandate.

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 are in compliance, 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. Anomalies in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements, reflects Kshs.6,445,645 in respect to property, plant and equipment. However, review of documents provided revealed the following anomalies;

## **1.1 Undisclosed Assets**

Included in the property, plant and equipment balance of Kshs.6,445,645 and as disclosed in Note 32 to the financial statements are movable and non-movable assets of undetermined value relating to land, buildings, and motor vehicles, which were not valued and undisclosed in the financial statements. Further, a detailed schedule indicating asset description, location, cost, and ownership status was not provided for review.

## **1.2 Lack of Fixed Asset Register**

A review of available records revealed that Management did not maintain a comprehensive asset register detailing the assets that the Hospital owned.

In the circumstances, controls over assets could not be confirmed.

## **2. Lack of Approved Staff Establishment**

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects Kshs.429,330,624 in respect to employee costs. However, a review of the expenditure revealed that there was no approved staff establishment. In the absence of an approved staff establishment, the Hospital may not be able to determine the skills and optimal staffing levels required to achieve its goals and objectives.

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

## **3. Failure to Establish Internal Audit Unit and Audit Committee**

The Hospital had not established an audit committee and internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities' governance process, accountability process, and control systems, and offer objective advice on issues concerning risk, control, regulatory requirements, and governance. Further, no evidence was provided for audit to confirm that the Hospital was audited by the internal audit unit from the County Executive of Nandi.

In the circumstances, the Hospital operated without a mechanism for assessing and mitigating financial and operational risks.

## **4. Lack of Risk Management Policy**

During the year, Management did not have in place a Risk Management Policy. This was contrary to Regulation 158(1)(a)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operation.

In the circumstances, Management is not likely to respond appropriately to emerging risks that may result in loss of funds.

#### **5. Lack of an Approved Disaster Recovery Plan**

The Hospital operated an Information Technology (IT) system for capturing, storing, and processing fees. In addition, the Hospital was responsible for the custody of sensitive medical data of patients seeking its services, alongside other operational data such as pharmaceutical and non-pharmaceutical inventory management activities. However, the Hospital did not have an approved IT continuity plan and disaster recovery plan.

In the circumstances, the Hospital may not effectively identify, prevent, and mitigate against disasters and ensure that its operations are not interrupted.

#### **6. Poor Management of Medical Supplies**

The statement of financial performance and as disclosed in Note 15 to the financial statements, reflects Kshs.235,449,757 in respect to medical and clinical expenses, which further include Kshs.44,168,902 in relation to the supply of pharmaceutical items. However, review of the documents revealed that the supplies were received without the involvement of the Inspection and Acceptance Committee, which should include a pharmacist or appointed specialist.

In the circumstances, value for money on the medical supplies 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 those Charged with Governance**

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.

Those charged with governance are 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

30 October, 2025

## Appendix I

### Unresolved Prior Year Matters

	Financial Year	Audit Issue
		<b>QUALIFIED OPINION</b>
1	2023/2024	Presentation, Misstatements, Accuracy and Disclosures in the Financial Statements
2	2023/2024	Revenue from Rent of Facilities
3	2023/2024	Unsupported Rendering of Services - Medical Service Income
4	2023/2024	Incomplete Revenue from Non-Exchange Transactions
5	2023/2024	Unsupported Employee Costs
6	2023/2024	Unsupported Hospital Board of Directors Expenses
7	2023/2024	Unsupported Public Health Activities Costs
8	2023/2024	Unsupported Food and Ratio Expenses
9	2023/2024	Unsupported and unrecorded Laboratory Chemicals and Reagents Costs
10	2023/2024	Unsupported X-Ray/Radiology Supplies
11	2023/2024	Unsupported Medical Services Contracts Gains/Losses
12	2023/2024	Unsupported Cash and Cash Equivalents
13	2023/2024	Unsupported Receivables from Exchange Transactions
14	2023/2024	Unsupported Inventories
15	2023/2024	Property, Plant and Equipment – lack of fixed assets register, lack of valuation, lack on policy on depreciation
16	2023/2024	Unsupported Trade and Other Payables
		<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</b>
1	2023/2024	Limitation of Scope
2	2023/2024	Unsupported Employment of Staff
3	2023/2024	Non – Compliance with Universal Health Coverage (UHC)
4	2023/2024	Non – Compliance with Data Protection Laws
5	2023/2024	Failure to Prepare Budget
6	2023/2024	Irregularities in Signatories to the Hospital's Bank Accounts
7	2023/2024	Failure to Maintain Accounting Records for Revenue Collection Accounts
		<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>
1	2023/2024	Lack of Internal Control Policy Documents
2	2023/2024	Internal Controls Weaknesses on Payments
3	2023/2024	Weak ICT Control Environment
4	2023/2024	Lack of Approved Staff Establishment, Human Resource Policy and Procedures and Human Resource Plans
5	2023/2024	Failure to Establish an Audit Committee and Operational Internal Audit Unit

**Kapsabet County Referral Hospital (Nandi County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from FIF	9	155,677,545	-
In-kind contributions from the County Government	7	467,286,478	496,724,448
Grants from donors and development partners	8		-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>622,964,023</b>	<b>496,724,448</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	311,732,823	149,737,075
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
			<b>149,737,075</b>
<b>Total revenue</b>		<b>311,732,823</b>	<b>646,461,523</b>
<b>Expenses</b>			
Medical/Clinical costs	15	235,449,757	98,621,977
Employee costs	16	429,330,623	497,904,448
Board of Management Expenses	17	871,500	679,800
Depreciation and amortization expense	18	1,669,007	-
Repairs and maintenance	19	7,229,001	945,720
Transfers to FIF	22	234,068,164	-
General expenses	21	14,257,605	6,978,307
Finance costs			-
<b>Total expenses</b>		<b>22,875,657</b>	<b>605,130,252</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(8,971,173)	(9,350,337)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>(8,971,173)</b>	<b>(9,350,337)</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>2,850,016</b>	<b>50,681,608</b>

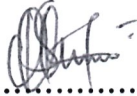
**Kapsabet County Referral Hospital (Nandi County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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The Hospital's financial statements were approved by the Board on 04/09/2025 and signed on its behalf by:



.....  
**Chairman**  
**Board of Management**



.....  
**Head of Finance**  
**ICPAK No: 32642.**



.....  
**Medical Superintendent**

*Kapsabet County Referral Hospital (Nandi County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	27	20,201,486	42,338,660
Receivables from exchange transactions	29	57,463,173	2,633,974
Receivables from non-exchange transactions	30	-	-
Inventories	31	15,049,997	9,488,295
<b>Total Current Assets</b>		<b>92,714,656</b>	<b>54,460,929</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	6,445,645	3,321,522
Intangible assets	33	-	-
Investment property	35	-	-
<b>Total Non-current Assets</b>		<b>6,445,645</b>	<b>3,321,522</b>
<b>Total assets (A)</b>		<b>99,160,300</b>	<b>57,782,451</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	71,858,134	34,370,435
Refundable deposits from customers/Patients	38	-	-
Provisions	39	-	-
Finance lease obligation	40	-	-
Current portion of deferred income	41	-	-
Current portion of borrowings	42	-	-
Social Benefits	43	-	-
<b>Total Current Liabilities</b>		<b>71,858,134</b>	<b>34,370,435</b>
<b>Non-current liabilities</b>			
Provisions	44	-	-
Non-Current Finance lease obligation	45	-	-
Non-Current portion of deferred income	46	-	-
Non - Current portion of borrowings	47	-	-
Service concession Arrangements	48	-	-
Social Benefits	49	-	-


**Kapsabet County Referral Hospital (Nandi County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>71,858,134</b>	<b>34,370,435</b>
<b>Net assets (A-B)</b>		<b>27,302,166</b>	<b>23,412,017</b>
<b>Represented by:</b>			
Revaluation reserve		(483,586)	(483,586)
Accumulated surplus/Deficit		(5,620,447)	(4,235,231)
Capital Fund		33,406,199	-
<b>Net Assets</b>		<b>27,302,166</b>	<b>(4,718,817)</b>

The Hospital's financial statements were approved by the Board on 04/09/2025 and signed on its behalf by:



.....  
**Chairman**  
**Board of Management**



.....  
**Head of Finance**  
**ICPAK No: 32642.**



.....  
**Medical Superintendent**

*Kapsabet County Referral Hospital (Nandi County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023</b>	-	(4,235,231)	33,406,199	<b>29,170,968</b>
Revaluation gain	(483,586)	-	-	<b>(483,586)</b>
Surplus/(deficit) for the year		(4,235,231)		<b>(4,235,231)</b>
Capital/Development grants	-			
<b>As at June 30, 2024</b>	<b>(483,586)</b>	<b>(8,470,462)</b>	<b>33,406,199</b>	<b>24,452,151</b>
<b>As at July 1, 2024</b>	<b>(483,586)</b>	<b>(8,470,462)</b>	<b>33,406,199</b>	<b>24,452,151</b>
Revaluation gain		-		
Surplus/(deficit) for the year	-	2,850,016	-	<b>2,850,016</b>
Capital/Development grants	-	-		-
<b>At June 30, 2025</b>	<b>(483,586)</b>	<b>(5,620,446)</b>	<b>33,406,199</b>	<b>27,302,166</b>

*Kapsabet County Referral Hospital (Nandi County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from FIF	9	143,633,202	-
Public contributions and donations			-
Rendering of services- Medical Service Income	11	211,956,139	149,737,075
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>355,589,341</b>	<b>149,737,075</b>
<b>Payments</b>			
Medical/Clinical costs	15	127,627,947	98,621,977
Employee costs	16	10,368,840	497,904,448
Board of Management Expenses	17	871,500	679,800
Repairs and maintenance	19	6,305,502	945,720
Transfers To FIF	22	225,162,876	-
General expenses	21	2,820,086	6,978,307
Finance costs			-
Refunds paid out		-	-
<b>Total Payments</b>		<b>373,156,751</b>	<b>605,130,252</b>
<b>Net cash flows from operating activities</b>	43	<b>(17,850,075)</b>	<b>111,815,015</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	32	4,569,765	79,837,081
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>4,569,765</b>	<b>79,837,081</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received/F.I.F			-
<b>Net cash flows used in financing activities</b>		<b>155,677,545</b>	<b>-</b>

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<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(22,137,175)</b>	<b>31,977,934</b>
Cash and cash equivalents as at 1 July	27	42,338,661	10,360,727
<b>Cash and cash equivalents as at 30 June</b>	<b>27</b>	<b>20,201,486</b>	<b>42,338,661</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year					-	-
<b>Receipts</b>		-	-			
Transfers from FIF	155,677,545	-	155,677,545	155,677,545	-	100
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
contributions in Kind	467,286,478	-	467,286,478	467,286,478	-	100%
Rendering of services- Medical Service Income	270,000,000	-	270,000,000	311,732,823	41,732,823	115%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total receipts</b>	<b>892,964,023</b>	-	<b>892,964,023</b>	<b>934,696,846</b>	-41,732,823	105%
<b>Payments</b>	-		-		-	-
Medical/Clinical costs	235,500,000	-	235,500,000	235,449,757	50,243	100%
Employee costs	430,000,000	-	430,000,000	429,330,623	669,377	100%
Remuneration of directors	890,000	-	890,000	871,500	18,500	98%
Repairs and maintenance	7,300,000	-	7,300,000	7,229,001	70,999	99%
Transfers To FIF	234,100,000	-	234,100,000	234,068,164	31,836	100%
General expenses	14,260,000	-	14,260,000	14,257,605	2,395	100%

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Depreciation and amortization expense	1,669,007	-	1,669,007	1,669,007	-	-
Medical services contracts Gains/Losses	8,971,173		8,971,173	8,971,173	-	-
<b>Total Operational Expenditure paid</b>	<b>932,690,180</b>	-	<b>932,690,180</b>	<b>931,846,830</b>	843,350	100%
<b>Capital Expenditure paid</b>		-	-			-
<b>Surplus</b>		-	-	<b>2,850,016</b>		

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>2,850,016</b>
1	Waivers	(8,971,173)
2	Payables	(71,858,134)
3	Receivables	57,463,173
4	Depreciation and amortization expense	(1,669,007)
5	Opening Balances as per cash	42,386,611
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>20,201,486</b>

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

### **1. General Information**

Kapsabet County Referral Hospital is established by and derives its authority and accountability from the Health Act. The entity is wholly owned by the Nandi County Government and is domiciled in Nandi County in Kenya. The entity's principal activity is healthcare provision.

### **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 KCRH accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 14&15. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KCRH. The financial statements have been prepared in accordance with the PFM Act, and Nandi county FIF Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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</p>

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Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

**iii) Early adoption of standards**

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

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

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

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

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

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

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

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

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

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

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board in July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, KCRH recorded additional appropriations of on the FY 2024/25 budget following the Board's approval. The KCRH's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 17*.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

r. **Employee benefits**

**Retirement benefit plans**

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

s. **Foreign currency transactions**

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

t. **Borrowing costs**

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

*Notes to the Financial Statements (Continued)*

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

*Notes to the Financial Statements (Continued)*

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/24
	KShs	KShs
Salaries and wages	414,011,784	496,724,448
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	43,217,841	-
Utility bills	10,056,853	-
<b>Total grants in kind</b>	<b>467,286,478</b>	<b>496,724,448</b>

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

9. Transfers From FIF

Description	2024/2025	2023/2024
	KShs	KShs
Actual Transfers	143,633,202	-
Receivables from FIF	12,044,343	
<b>Total Transfers From FIF</b>	<b>155,677,545</b>	<b>-</b>

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

**Notes to Financial Statements Continued**

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

<b>Description</b>	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Administration	55,179	
Cardiology	561,750	-
CT scan	3,156,500	-
Dental services	261,023	-
Ear Nose and Throat service	74,000	-
File	20,000	
ICU	122,000	
Inpatient Services	6,542,804	
Laboratory	3,914,228	-
Med X	662,215	
Medical X students	62,400	
Minor Theatre	430,924	
MRI	126,500	
Nursing Procedure	7,460	-
Occupation Therapy	19,250	
medical/licensing	12,081,634	-
Pharmaceuticals	2,296,108	-
Physiotherapy Procedure	162,135	
Plaster Services	272,868	
Radiology	159,083	-
Record Charges	19,200	
Registration	5,233,294	
Special Accounts Fee and Charges	540,700	
Special Clinic	1,456,545	
Ultra Sound	3,554,174	
X-ray	2,578,641	
Other medical services income	197,854,692	149,737,075
Receivables from FIF	12,044,343	
Receivables from SHA	57,463,173	
<b>Total revenue from the rendering of services</b>	<b>311,732,823</b>	<b>149,737,075</b>

*(NB: Included in the Totals of Kshs 311,732,823 is receivables from SHA of Ksh 57,463,173.)*

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

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

**15. Medical/ Clinical Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	294,000	-
Laboratory chemicals and reagents	24,817,398	10,946,968
Public health activities	-	123,000
Food and Ration	21,759,400	8,898,813
Uniform, clothing, and linen	1,899,700	264,500
Dressing and Non-Pharmaceuticals	59,725,063	41,071,387
Pharmaceutical supplies	44,168,902	21,509,914
Health information stationery	6,789,655	2,997,065
Contribution In Kind	43,217,841	-
Sanitary and cleansing Materials	9,022,855	1,660,600
Purchase of Medical gases	368,000	433,000
Purchase of medical Equipment	-	
X-Ray/Radiology supplies	19,601,217	10,334,230
Other medical related clinical costs (Contracted services)	3,785,726	382,500
<b>Total medical/ clinical costs</b>	<b>235,449,757</b>	<b>98,621,977</b>

*(NB; Included in Kshs. 235,449,757 is Kshs. 43,217,841 (Medical supplies Contribution In kind) and Kshs. 64, 603,969 in relation to accrued medical costs)*

**16. Employee Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	414,011,784	496,724,448
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs <i>(contracted services)</i>	10,368,840	
Other employee costs Accrued <i>(contracted services)</i>	4,950,000	1,180,000
<b>Employee costs</b>	<b>429,330,624</b>	<b>497,904,448</b>

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

**17. Board of Management Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	871,500	679,800
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>871,500</b>	<b>679,800</b>

**18. Depreciation and Amortization Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	1,669,007	590,803
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>1,669,007</b>	<b>590,803</b>

**19. Repairs And Maintenance**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	-	-
Medical equipment	6,305,501	945,720
Medical equipment(accrued)	923,499	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>7,229,002</b>	<b>945,720</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	280,000	783,200
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	32,652	-
Conferences and delegations	-	-
Consultancy fees	-	1,076,500
Contracted services	-	-
Electricity expenses	-	14,761
Fuel and Lubricants	60,000	808,000
Fuel and Lubricants for production	1,818,000	
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	958,700	471,160
Licenses and permits	-	-
Courier and postal services	19,000	-
Purchase of furniture		
printing & stationery	-	2,464,246
Repair & maintenance of building	561,000	
Computers and Accessories	-	-
Rent expenses	-	-
Contributions in kind -Water and sewerage costs	10,056,853	800,000

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Skills development levies	-	-
Telephone and mobile phone services	270,000	-
Internet expenses	191,400	-
Staff training and development	10,000	560,440
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>14,257,605</b>	<b>6,978,307</b>

(NB; Included in Kshs. 14,257,605 is Kshs. 1,380,666 in relation to accrued General expenses and kshs 10,056,853 contributions In Kind)

**22. Transfers To FIF**

Description	2024/2025	2023/2024
	Kshs	Kshs
Actual Transfers(SHA/Cash)	225,162,876	
Other Transfers from FIF	8,905,289	
<b>Total Transfers from FIF</b>	<b>234,068,165</b>	

**23. Finance Costs**

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

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

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

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

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

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	(24,500)
Waivers and Exemptions	(8,971,173 )	(9,325,837)
<b>Total Gain/Loss</b>	<b>(8,971,173)</b>	<b>(9,350,337)</b>

**26. Impairment Loss**

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

**27. Cash And Cash Equivalentents**

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	20,201,486	42,338,661
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(specify)- Mobile money	-	-
<b>Total cash and cash equivalentents</b>	<b>20,201,486</b>	<b>42,338,660</b>

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Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) a) Current account			
NANDI COUNTY HOSPITAL OPERATIONS		4,066,880	4,787,969
NANDI COUNTY REFERRAL HOSPITAL		11,788	25,149
NANDI COUNTY NHIF - KAPSABET COUNTY REFERAAAL HOSPITAL		16,122,818	37,525,543
b) b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>20,201,486</b>	<b>42,338,660</b>
c) c) Fixed deposits account		-	
Bank Name		-	-
Sub- total		-	-
d) d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>20,201,486</b>	<b>42,338,660</b>

28. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government	57,463,173	2,633,974
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	(-)	(-)
<b>Total</b>	<b>57,463,173</b>	<b>2,633,974</b>

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	57,463,173	100%	2,633,974	100%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>57,463,173</b>	<b>100%</b>	<b>2,633,974</b>	<b>100%</b>

Notes to the Financial Statements (Continued)

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables from Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	7,284,322	7,488,746
Non-Pharmaceutical supplies	3,465,625	1,311,549
Laboratory supplies	645,900	-
Maintenance supplies	-	-
Food supplies	850,600	688,000
Renal supplies	2,803,550	-
Cleaning materials supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>15,049,997</b>	<b>9,488,295</b>

**Detailed disclosure on inventories**

Description	2024/2025	2023/2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment 12.5%	ICT Equipment 33.3%	Plant and medical Equipment 10%	Other Assets (specify)	Capital	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2023	-	-	-	-	655,000	3,369,516	-	-	<b>4,024,516</b>
Additions	-	-	-	-	123,000	382,500	-	-	<b>505,500</b>
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30th Jun 2024</b>	-	-	-	-	<b>778,000</b>	<b>3,752,016</b>	-	-	<b>4,530,016</b>
<b>At 1 July 2024)</b>	-	-	-	-	<b>778,000</b>	<b>3,752,016</b>	-	-	<b>4,530,016</b>
Additions	-	-	-	325,000	2,444,765	1,800,000	-	-	<b>4,569,765</b>
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30th Jun 2025</b>	-	-	-	<b>325,000</b>	<b>3,222,765</b>	<b>5,552,016</b>	-	-	<b>9,099,781</b>
<b>Depreciation and impairment</b>									-
At 1 July 2023		-	-	-	65,500	336,951	-	-	<b>3,912,326</b>

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Depreciation for the year	-	-	-	174,450	416,353	-	-	590,803
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 June 2024</b>	-	-	-	<b>239,950</b>	<b>753,304</b>	-	-	<b>993,254</b>
At July 2024	-	-	-	239,950	753,304	-	-	993,254
Depreciation	-	-	40,625	1,073,181	555,202	-	-	1,669,007
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>At 30th June 2025</b>	-	-	<b>292,500</b>	<b>1,313,131</b>	<b>1,308,506</b>	-	-	<b>2,914,136</b>
Net book values								
At 30th Jun 2024	-	-	-	407,050	2,914,473	-	-	3,321,523
At 30th Jun 2025	-	-	<b>292,500</b>	<b>1,909,634</b>	<b>4,243,510</b>	-	-	<b>6,445,645</b>

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Notes to the Financial Statements (Continued)

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	66,908,134		34,370,435	
Employee dues	4,950,000		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>71,858,134</b>		<b>34,370,435</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	68,718,572	%	34,370,435	96%
1-2 years	3,139,562	%	3,139,562	4%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>71,858,134</b>	<b>%</b>	<b>34,370,435</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the Total</b>

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Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**38. Provisions**

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

**39. Finance Lease Obligation**

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

**40. Deferred Income**

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
<b>Balance at end of the period</b>	-	-

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

Description	2024/2025	2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

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Notes to the Financial Statements (Continued)

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	2,850,016	50,681,608
<b>Adjusted for:</b>		
Depreciation	1,669,007	590,803
Non-cash grants received		-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions		-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		-
Increase in inventory	(5,561,702)	-578,864
Increase in receivables	(54,829,199)	26,311,141
Increase in deferred income	-	-
Increase in payables	37,487,699	35,971,933
Increase in payments received in advance	(534,104)	-
<b>Net cash flow from operating activities</b>	<b>(17,850,075)</b>	<b>111,815,014</b>

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

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

**(ii) Liquidity risk management**

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

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

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

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

**Iv Capital Risk Management**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
<b>Gearing</b>	0%	0s%

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

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

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

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

**46. Segment Information**

**47. Contingent Liabilities**

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

**48. Capital Commitments**

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

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

**51. Currency**

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

**20. Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Under report on the financial statements	Presentation, Accuracy and Disclosures in the Financial Statements	Resolved	Dec 2024
	Under report on the financial statements	Rendering of Services - Medical Service Income	Partially Resolved	
	Under report on the financial statements.	Revenue from Rent of Facilities	Partially Resolved	June 2025
	Under report on the financial statements.	Unsupported Hospital Board of Directors Expenses	Resolved	
	Under report on the financial statements.	Cash and Cash Equivalents	Resolved	
	Under report on lawfulness and effectiveness in use of public resources	Unsupported Employment of Staff	Resolved	
	Under report on lawfulness and effectiveness in use of public resources	Non – Compliance with Universal Health Coverage (UHC)	Partially Resolved	Jan 2026
	Under report on lawfulness and effectiveness in use of public resources	Non – Compliance with Data Protection Laws	Resolved	
	Under report on lawfulness and effectiveness in use of public resources	Hospital Board of Directors	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Under report on effectiveness of internal controls, Risk management and Governance	Lack of Internal Control Policy Documents	Partially Resolved	October 2025
	Under report on effectiveness of internal controls, Risk management and Governance	Weak ICT Control Environment	resolved	
	Under report on effectiveness of internal controls, Risk management and Governance	Failure to Establish an Audit Committee and Operational Internal Audit Unit	Un resolved	



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**Accounting Officer**