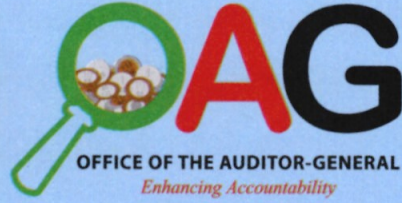


REPUBLIC OF KENYA



307

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

ISHIARA SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	19/2/20
TABLED BY	de. ledama
COMMITTEE	
CLERK AT THE TABLE	May.

COUNTY GOVERNMENT OF EMBU

52/9



ISHIARA SUB COUNTY HOSPITAL (Embu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

1. Acronyms & Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. The Board of Management.....	viii
4. Key Management Team.....	x
Hospital Management Team.....	xi
5. Chairman’s Statement.....	xii
6. Report of The Medical Superintendent.....	xiv
7. Statement of Performance Against Predetermined Objectives.....	xviii
8. Corporate Governance Statement	xxii
1) Hospital operations	xxiii
2) Governance frameworks.....	xxiii
3) Financial management.....	xxiii
4) Healthcare regulations.....	xxiii
9. Management Discussion and Analysis.....	xxvi
10. Environmental And Sustainability Reporting.....	xxxv
11. Report of The Board of Management.....	xxxix
12. Statement of Board of Management’s Responsibilities.....	xl
13. Report of the Independent Auditor (Auditor General)	xlii
14. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
15. Statement of Financial Position As At 30 th June 2025	3
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025.....	5
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June 2025.....	8
19. Notes to the Financial Statements	11
i. Research and development costs	21
v. Service concession arrangements.....	28

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

x.	Comparative figures.....	29
(i)	Credit risk.....	52
a)	Foreign currency risk.....	54
i)	The National Government;.....	57
ii)	The County Government;.....	57
iii)	Board of Directors;.....	57
iv)	Key Management	57
20.	Appendices	60

1. **Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
PFMA	Public Financial Management Act
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
Fiduciary Management	Key management personnel who had financial responsibility in the entity.
FIF	Facility improvement fund
IPSAS	International Public Sector Accounting Standards
KMTC	Kenya Medical Training College
MOH	Ministry of Health
KSHS	Kenya shillings
PPE	Property, Plant and Equipment
ECL	Expected Credit Loss
GOK	Government of Kenya
HMIS	Health Management Information System
Tiberbu	Kiswahili term denoting a healer, encapsulating the essence of SHA/SHIF Health Management Information System.

Key Entity Information and Management

(a) Background information

Ishiara Sub County Hospital is a level 4 hospital established under gazette notice number Vol. CXXII- NO. 24 and is domiciled in Embu County under the Health Department.

It is the second largest hospital in Embu and serves as a referral centre for surrounding facilities and Tharaka Nithi and Kitui counties.

It is situated in Evurore Ward, Mbeere North which has 12 dispensaries that refer to Ishiara.

Currently it occupies 6.4 Hectares (16 Acres) of land which was initially reserved for Ishiara Maternity Hospital with one 12-Metre Road passing through this land. The hospital has a bed capacity of 144 beds and 16 cots with an actual 66 beds and 2 cots. The current allocated catchment population is 22,791 with Mbeere north 117,055. Key socioeconomic activities are farming, stone mining and fishing. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide integrated, evidence based, high quality promotive, preventive, curative and rehabilitative care to all.

This include:

1. Providing Curative and Rehabilitative health services
2. Providing Promotive and Preventive health services
3. Serves as a referral facility for level 3 facilities within the county and the surrounding region

4. Providing facilities for training of KMTTC students and various universities across the nation.

Vision: an efficient and high-quality healthcare provider that is accessible, equitable and affordable to all

Mission: To promote the provision of integrated, evidence based, high quality promotive, preventive, curative and rehabilitative care to all.

SLOGAN –Your health, our priority

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	DR. ANTHONY NDUVA
2.	Head of finance	ROSE KARIMI
3.	Head of supply chain	ROSALINE KANYI
4.	Hospital administrator	JOYCE WANJA
5.		

(e) **Fiduciary Oversight Arrangements**

- **County Assembly**

Oversight is achieved through:

- approving budgets and development plans
- summoning individuals for evidence
- receiving and approving policies and plans for resource management, infrastructure, and institutional development.

- **Parliamentary committees**

- Senate committees oversee proper utilization of resources in county governments under which are county hospitals.

- **Hospital management board**

- Approves budgets and expenditures
- Approves plans and development strategies.

County health management team.

- Approves facility work plans
- Approves facility budgets
- Approves facility expenditure
- Ensures facility compliance with guidelines and legislation.

Key Entity Information and Management (continued)

(f) **Entity Headquarters**

P.O. Box 125
Ishiara market
Ena-Ciakariga Road
Ishiara, KENYA

(g) **Entity Contacts**

Telephone: (+254 745326434)
E-mail: E-mail: ishiara.hospital@yahoo.com
Website: www.go.ke

(h) **Entity Bankers**

Commercial Banks
Equity Bank
P.O Box 75104 - 00200
Nairobi.

Co-operative Bank
P.O Box 48231- 00100
Nairobi

(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. 140-60100
Embu, Kenya

2. The Board of Management

	Directors	Details
1.		<p>MICHAEL NAMU KANYARU-Chairman</p> <p>He holds Bachelor of education degree from Kenyatta University. He is currently the Head of Institution at St. Peters School, Ishiara and a director at Winas DT Sacco. With over 20 years in institution management, he brings a wealth of experience to chair the board.</p> <p>He is 59 years.</p>
2.		<p>BERNARD NTHIGA NDWIGA.</p> <p>He holds a Bachelor of Arts in Development Studies from The Management University of Africa.</p> <p>He has served in community development projects in child development centres for over 25 years.</p> <p>He brings a lot of experience in project management to the board.</p> <p>He is 51 years.</p>
3.		<p>CHRISTINE NTHENGE</p> <p>Holds a diploma in alternative dispute resolution.</p> <p>A businesswoman in Ishiara market and social leader in the women empowerment space in Evurori.</p> <p>She provides a key linkage between the hospital and the community.</p>

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

4.		<p>JAMES NYAGA</p> <p>Holds a diploma in public health from Kenya Medical Training college. He also serves as the ward administrator for Evurori ward, Embu County.</p> <p>With over 20 years' experience in public administration, he provides guidance on public policy.</p>
5.		<p>DR ANTHONY NDUVA – MEDICAL SUPERINTENDENT</p> <p>Holds a bachelor of pharmacy degree from Tamil Nadu DR MGR Medical University and is a student of Health Systems Management.</p> <p>He has served in the hospitals management teams for 18 years. He is 43 years.</p>
6.		<p>JACKLINE WAWIRA</p> <p>She holds a Bachelor of Arts in Psychology from the University of Nairobi.</p> <p>She represents the youth in the board and champions progressive ideas.</p> <p>She is 27 years.</p>
7.		<p>EDITH WANYAGA</p> <p>Edith Wanjira Nyaga is a 43-year-old Kenyan woman. She holds a degree in Early Childhood Development Education from Kenyatta University, as well as a diploma in ECDE from Presbyterian Teachers Training College-Rubate and a certificate in Primary Education from St Angelic Girls Secondary School. She has also served as a Member of the County Assembly of Embu and as the NEC Sports Coordinator in the County Assemblies Forum.</p>

3. Key Management Team

	Management	Details
1.	 Dr Anthony Nduva	-Medical superintendent -Holds a Bachelors degree in Pharmacy from Tamil Nadu Dr MGR Medical University.
2.	 Joyce Wanja	-Hospital administrator -Holds a Diploma in Management from Management University of Africa.
3.	 Salome Kajuju	-Nursing services manager -Holds a bachelor of science in nursing degree from Kenya Methodist University.
4.	 Carolyne Wanjira	-Nursing commodities manager -Holds a bachelor of science in nursing degree from Chuka University.

Roles and responsibilities of the hospital management Organs

Hospital Board of Management

- Set and approves significant policies for the hospital
- Ensure that the hospital strategy is aligned to the long-term goals for the benefit of patients and other stake holders.
- Approves the annual budgets for the hospital
- Oversees and monitors the general performance of the hospital
- Mobilising of adequate resources and ensuring sustainability for the running of the hospital operations.
- Protecting the assets of the hospital.

Accounting Officer/ Medical Superintendent

- Overseeing implementation of board resolutions
- Providing support to board of management for effective oversight
- Review and recommend appropriate actions for strategic operational plans and policies
- Approving departmental requisitions
- Chairing various hospital committees
- Acting as the secretary to the Board of Management meetings
- Review patients' safety efforts
- Ensuring effective communication within the hospital
- Prudent management of the resources
- Monitoring and evaluating performance

Hospital Management Team

The team consists of selected departmental heads. It meets on a monthly basis and the key responsibilities includes;

- Evaluates implementation of the recommendations and resolutions of the hospital management committee
- Supports Hospital Management Committee through effective oversight
- Evaluates hospitals short- and medium-term health care service effectiveness

- Review and recommend appropriate actions for various department's effective performance.
- Review performance improvement activities.
- Review and re prioritize utilization of hospital resources
- Review challenges experienced by departments in the implementation of strategic plan
- Coordinate and prioritize hospital upcoming activities
- Preparing annual development work plans for the hospital
- Developing proposed budgets for the hospital

5. Chairman's Statement

It is my honour to give my inaugural annual report for Ishiara Sub County hospital, having been appointed to the Hospital Management Board in the third quarter of the year.

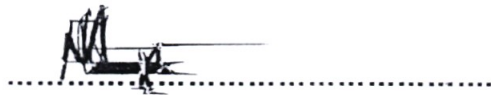
The past fiscal year, marked a period of significant progress and strategic adaptation for Ishiara Hospital, demonstrating resilience in the face of evolving healthcare landscapes. The hospital maintained a strong commitment to patient-centered care, operational excellence, and financial stewardship. Overall patient satisfaction remained consistently high, reflecting the dedication of our staff and the effectiveness of our care delivery models. Financially, the hospital achieved a positive operating margin, indicating robust fiscal health and the ability to sustainably invest in future growth and enhanced services.

Total outpatient visits and inpatient admissions saw a notable increase, underscoring the community's trust in our comprehensive services and the growing demand for quality healthcare. Key quality of care indicators, such as maternity admission rates showed encouraging improvements, a testament to our continuous quality improvement initiatives.

These achievements are not merely isolated successes; they are deeply interconnected. The robust operating margin, for instance, is a direct outcome of optimized patient volumes and efficient resource utilization, which are themselves influenced by high patient satisfaction and effective care delivery. The ability to manage costs effectively while expanding services allows for reinvestment in crucial areas like technology and staff development, further enhancing care quality and patient experience.

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

This report serves a dual purpose: it provides a transparent account of our performance and acts as a strategic communication tool. By showcasing compelling data in easily digestible formats, such as info graphics and clear tables, the report aims to bolster the hospital's brand, engage vital donors, and reassure the community of our unwavering commitment to their well-being. The achievements highlighted herein are presented not just as internal milestones but as tangible improvements to the patient journey and the overall health of the community we serve.



Michael Namu Kanyaru
Chairman to the Board

6. Report of The Medical Superintendent

As we reflect on the past year, it is with immense pride and gratitude that I present this Annual Report. This document chronicles our collective journey, highlighting the dedication of our exceptional staff, the trust placed in us by our patients, and the invaluable support from our community and generous donors. The past year presented both unprecedented challenges and remarkable opportunities. We navigated complex shifts in the healthcare landscape, including the ongoing recovery from the disruptions of the recent public health emergency and significant policy adjustments related to healthcare coverage.

Through it all, our team demonstrated extraordinary resilience and adaptability. For example, where staffing pressures emerged, we proactively invested in innovative strategies, ensuring that our commitment to employee well-being remained paramount. This proactive stance not only addressed immediate needs but also strengthened our foundation for future growth, demonstrating our ability to transform obstacles into catalysts for improvement.

Our core beliefs — patient-centered care, clinical excellence, and community well-being — have been the guiding principles in every decision and initiative undertaken this year. These values are not just statements; they are woven into the fabric of our daily operations. Every achievement, from improved patient outcomes to enhanced operational efficiencies, directly reflects how these values translate into tangible improvements in care delivery. This commitment to our foundational principles resonates deeply with all our stakeholders, from patients seeking care to investors supporting our mission, reinforcing our identity and purpose.

This report offers a comprehensive overview of our performance, showcasing how our strategic objectives align with our mission to provide the highest quality of care. It is a

testament to the unwavering commitment of every physician, nurse, administrator, and support staff member who contributes to the health and vitality of our community. We are deeply grateful for the continued partnership of our donors and volunteers, whose contributions enable us to expand our reach and enhance our services. Looking ahead, we are energized by the opportunities to further innovate, collaborate, and continue our legacy of healing and service.

Overall Operational Metrics

The hospital's operational efficiency is a critical determinant of its capacity to serve the community and its financial viability. During, the hospital meticulously tracked key metrics related to patient flow and resource utilization. Total outpatient workload reached **37,025** patients, specialist clinics **6,817**, laboratory **11,905**, and dental visits **1,125** patients. Admissions reached **1,559** while total discharges amounted to **1333** reflecting a robust patient throughput. The average length of stay (ALOS) was **5 days**, demonstrating efficient patient management and timely discharge planning. Bed occupancy rates averaged **25%**, indicating effective utilization of our facilities.

Key Financial Indicators

The financial health of Ishiara Sub county hospital is paramount to its sustainability and ability to deliver high-quality care. For the full 12-month period, the hospital reported a gross revenue of **Ksh.23,621,590** against a projected revenue of **Ksh.12,639,100**. This positive revenue growth is a comprehensive indicator of the hospital's financial health, reflecting its ability to manage costs effectively relative to its operating revenue. A healthy growth allows for crucial reinvestment in technology, infrastructure, staff training, and service expansion, all of which are vital for enhancing patient care and maintaining a competitive edge

Human Resources and Staff Development

Our workforce is our most valuable asset, and investing in their development and well-being is paramount to delivering exceptional patient care. A stable and satisfied workforce experiences less burnout, makes fewer mistakes, and provides more compassionate and consistent care. This connection underscores the critical importance of strategic investment in staff development, support programs, and fostering a positive work environment. A lot of trainings provided per department served as a proactive measure for risk mitigation and efficiency enhancement.

Adequate and ongoing training can significantly reduce medication errors, improve operational workflows, and ensure compliance with evolving healthcare regulations. This investment yields substantial returns in terms of enhanced patient safety, reduced costs associated with errors, and a more competent and confident workforce.

Community Engagement and Partnerships

Ishiara Hospital is deeply committed to the health and well-being of the community it serves, extending its impact beyond direct patient care through active engagement and strategic partnerships. By promoting preventative care and health literacy, these programs can reduce the incidence of preventable diseases and alleviate the burden on emergency services. This proactive approach fosters goodwill and builds trust, positioning the hospital as an indispensable community asset, which can, in turn, contribute to future patient acquisition and sustained community support. The nursing, ophthalmology and nutrition departments in collaboration with CHPs conducted many outreaches in schools and markets to enhance preventive health.

Challenges and Opportunities

The past year presented a dynamic environment, marked by both significant challenges and compelling opportunities for growth and innovation. Industrial action by health workers posed the greatest challenge in the year. This led to scaling down of activities

including the suspension of night services in outpatient. Delayed reimbursement from SHA also posed a great challenge to the hospital revenues, making it difficult to address some requirements.

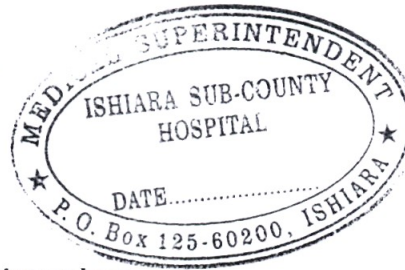
Future Outlook and Strategic Priorities

Looking ahead, Ishiara Hospital is poised for continued growth and innovation, guided by a clear set of strategic priorities aligned with our mission and vision. Our future outlook is rooted in the lessons learned from the past year and a commitment to addressing both identified challenges and emerging opportunities. We aim to expand our service lines in to meet growing community demand, projecting a revenue target of Ksh. 21,000,000.00 in the coming financial year.



.....
Dr Anthony Nduva

Secretary to the Board/Medical Superintendent



7. Statement of Performance Against Predetermined Objectives

Ishiara Sub County Hospital has delineated six strategic pillars/themes/issues and corresponding objectives within its current Strategic Plan for the fiscal years 2024-2025. These strategic pillars/themes/issues are enumerated as follows:

- Eradicate communicable diseases
- Halt and reverse the escalating burden of non-communicable diseases
- Mitigate the impact of violence and injuries
- Deliver essential medical services
- Minimize exposure to health risk factors
- Fortify collaboration with health-related sectors

Ishiara Sub County Hospital formulates its annual work plans predicated on the aforementioned six pillars/themes/issues. The performance of the Board is assessed against its annual work plan on a quarterly basis. The Hospital successfully attained its performance targets established for the fiscal year 2024/2025 across its six strategic pillars, as detailed below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Communicable Diseases	Eradicate communicable diseases	-Respiratory ailments -Diarrhea diseases -Inadequate updates-for healthcare workers	-Ongoing Continuous Medical Education (CME)within the hospital -Health education disseminated at all Maternal and Child Health (MCH) and Comprehensive Care	-Executed CMEs-and community outreach programs

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

			Clinics (CCC) -Community sensitization initiatives	
Non-Communicable Conditions	Halt and reverse the-escalating burden of non-communicable diseases	-Rising mental health disorders -Increasing incidences-of hypertension-and diabetes -Insufficient cancer screening initiatives Escalating-alcohol and substance abuse	-Promote enrolment in the Social Health Assurance (SHA) and other insurance covers -Provide training for staff on contemporary management techniques -Augment cancer screening facilities, e.g., in the Outpatient Department (OPD) -Establish rehabilitation centers for substance abuse	-Patients usage of insurance covers and facilitated cancer screening services
Violence and Injuries -Motivated the community to register for SHA	Mitigate the impact of violence and injuries	-Surge in road traffic incidents -Rising cases of gender-based violence -Absence of an accident and	-Train staff in accident and emergency management -Encourage community enrolment in SHA	-Motivated the community to register for SHA

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

		emergency center	-Enhance equipment in both minor and major-surgical theaters	
Essential Medical Services	Deliver essential medical services	- Deficiencies in sufficient diagnostic areas and facilities, -lack-of-health equipment -Integrated Management-of Childhood Illness (IMCI) -Absence-of forensic officers -Insufficient adolescent health services.	-Provide ample working space, state-of-the-art health equipment, and robust infrastructure, along with a sufficiently skilled technical workforce to address essential health services. -Facilitate comprehensive training for staff on contemporary management practices. -Engage in community sensitization and education initiatives.	Incorporate the Medical service needs in-every Annual Work Plan (AWP) .
Health Risk Factors	Minimize exposure to health risk factors	-Poor breastfeeding practice -Malnutrition -Obesity -Unsafe sexual	-Educational campaigns-on exclusive breastfeeding	Executed health promotion campaigns

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

		practices	practices Community -Sensitization regarding family planning and distribution of family planning products -Health education on optimal lifestyle practices -Regular nutrition clinics	on exclusive breastfeeding and family planning methods, products and health safety
Collaboration with health-related sectors	Fortify collaboration with health-related sectors	Partnerships with the water and sanitation sectors, educational institutions, governmental administrative bodies, security agencies, health partners, and an array of other health stakeholders.	Water and sanitation initiatives, food safety programs, family health endeavors, health promotion activities, and health security measures.	Subsidised water tariffs, enhanced security measures, and responsive community pertaining to health Safety and other measures.

8. Corporate Governance Statement

Ishiara Sub County Hospital is steadfast in its commitment to upholding exemplary standards of corporate governance, accountability, transparency, and service delivery. The governance framework is meticulously crafted to support the hospital's mission of providing accessible, affordable, and high-quality healthcare services.

i. Appointment of Board Members, Process of Appointment and Removal, Board Size, Diversity, and Charter

The appointment of Board members is conducted in accordance with the directives established by the Ministry of Health and the County Government of Embu. Members are selected through a competitive and transparent process that takes into account professional qualifications, experience, integrity, and the representation of key stakeholders.

Process: Appointments receive endorsement from the County Health Executive in collaboration with the County Public Service Board. Dismissal is governed by legal stipulations and may occur as a result of misconduct, incapacity, or violation of terms of reference.

Size: The Board comprises between five to seven members, inclusive of in attendants from the community and health professionals.

Diversity:

The Board actively fosters gender equity and exclusivity, ensuring the representation of youth, persons with disabilities, and diverse professional backgrounds.

Charter: The Board operates under the auspices of the Embu County Health Services Act 2024, which delineates its mandate, responsibilities, code of conduct, and governance practices.

ii. Roles and Functions of the Board

In reference to Embu County Health services Act 2024 Sec. 10 the responsibilities of the Board are:

- (i) Providing oversight over the administration of hospital
- (ii) Promoting the development of the hospital,

- (iii) Approving plans and programs for implementing county health strategies in the hospital,
- (iv) Approving the hospital budget estimates before submission to the Departments' Accounting officer,
- (v) Carrying any other function as assigned by the Executive member.

iii. Induction, Training, and Development

New Board members undergo structured induction programs covering:

- 1) Hospital operations
- 2) Governance frameworks
- 3) Financial management
- 4) Healthcare regulations

Continuous professional development is encouraged through workshops, seminars, and training facilitated by health governance bodies.

iv. Board and Members' Performance

The Board evaluates its own performance annually through internal assessments and independent evaluations. Member participation, decision-making, ethical conduct, and strategic contributions are key assessment areas.

v. Number of Board Meetings Held and Attendance

The Board is required to meet at least quarterly, with additional meetings convened when necessary.

In the FYR 2024/2025 period, 5 board meetings were held.

Attendance was over 99%, with individual attendance records documented and reviewed during evaluations.

vi. Succession Plan

A Succession Planning Policy is in place to ensure leadership continuity. The policy identifies critical roles and outlines grooming and mentoring strategies for future leaders, especially for Board Chairpersons and Committee Chairs.

Vii. Policy to Manage Conflict of Interest

The hospital enforces a Conflict of Interest Policy requiring members to disclose any actual or potential conflicts. Members with conflicts are recused from decision-making on the relevant matters. Declarations are made annually and as needed during Board sessions.

Viii. Board Remuneration

Board members receive sitting allowances and reimbursements as per the Public Service Commission and Salaries and Remuneration Commission (SRC) guidelines. Remuneration is reviewed periodically for fairness and compliance.

ix. Ethics and Conduct

The Board adheres to a Code of Ethics and Conduct, emphasizing integrity, confidentiality, respect, and accountability. Any breach is subject to disciplinary action, aligned with public service and health governance regulations.

x. Governance Audit

An independent Governance Audit is mandated to be conducted biennially in accordance with the Mwongozo Code of Governance and Public Sector guidelines. However, for the year under review, no such audit was carried out.

xi. Communication Policy

Ishiara Sub County Hospital is committed to the prompt, transparent, and precise dissemination of information to its stakeholders, encompassing staff, patients, and the wider community.

xii. Terms of Reference of Committees

The preceding Hospital Board successfully established a singular committee, the –Finance Committee,|| to aid in the oversight and development of the hospital's health services fund. However, this board failed to convene even once during its tenure, which concluded shortly after the formation of the Finance Committee. This initiative will be championed by the newly appointed board in the forthcoming financial years.

The Finance Committee is anticipated to operate under comprehensive Terms of Reference that delineate its scope, responsibilities, and reporting lines, as mandated by the Health Services Act of 2024.

Xiii. Policy on Related Party Transactions

All related party transactions are meticulously disclosed and rigorously reviewed by the Board to avert conflicts of interest and ensure optimal value for money.

Ishiara Sub County Hospital is steadfast in its commitment to upholding rigorous governance frameworks that bolster its healthcare mandate. This Corporate Governance Statement exemplifies adherence to public sector governance standards and embodies a dedication to continual enhancement for superior health care service delivery.

9. Management Discussion and Analysis

1. Clinical/operational performance

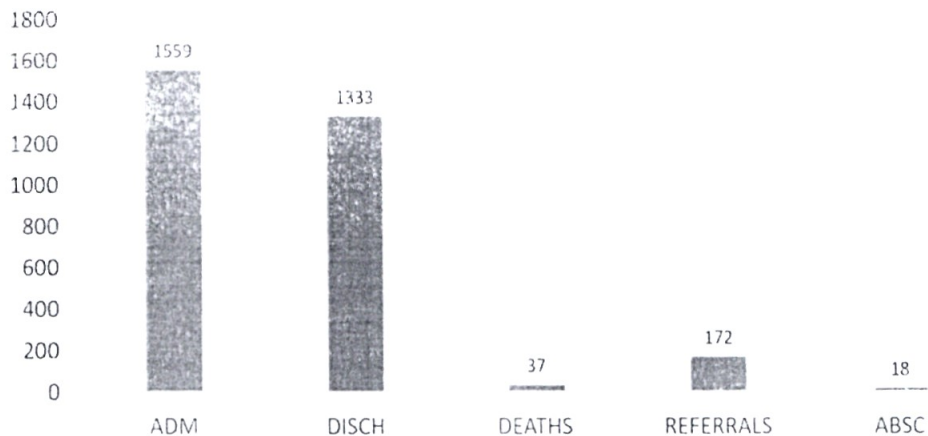
Inpatient Department Performance

The inpatient departments are the cornerstone of acute care, and their efficient operation is vital for patient recovery and overall hospital capacity. This section details the performance of our general and maternity wards.

A. General Wards

The general wards recorded **1,559 admissions** and **1,333 discharges** in, maintaining an average length of stay (ALOS) of **5 days**. The bed occupancy rate averaged 35%.

INPATIENT ATTENDANCES



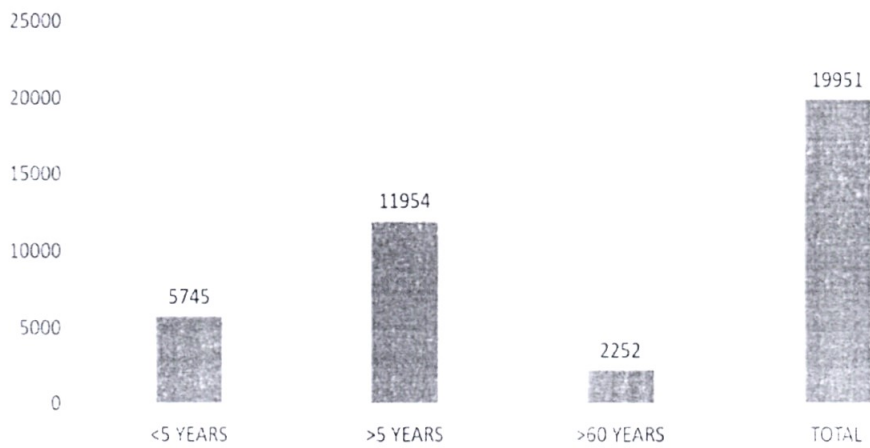
B. Maternity Ward

The Maternity Ward facilitated **590 births**. There were **724 admissions** to the maternity ward. Key clinical outcomes included a C-section rate of 73.

Outpatient Department Performance

The outpatient departments are vital access points for patient care, contributing significantly to overall hospital volume and community health. This section details their performance across various services.

OUT PATIENT ATTENDANCES



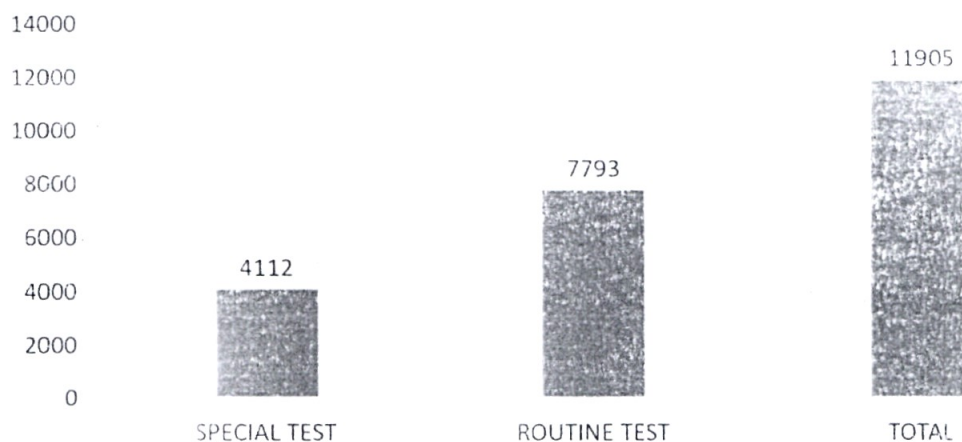
A. Outpatient Visits & General Clinics

Total outpatient visits reached **37,025 visits**, demonstrating the growing demand for accessible healthcare services.

B. Laboratory Services

The laboratory performed **11,905** total tests during the year, supporting both outpatient and inpatient diagnostics.

LABORATORY SERVICES



C. Pharmacy Services

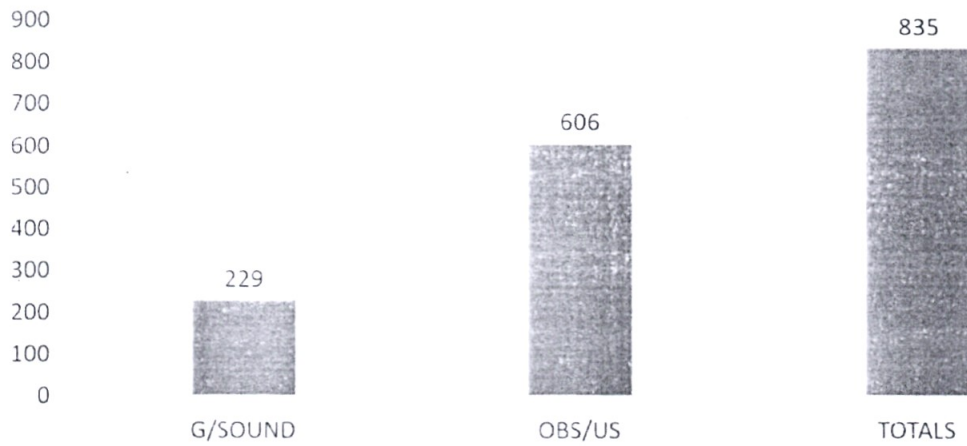
The outpatient pharmacy dispensed 39,978 prescriptions.

D. Radiology Department

The Radiology Department conducted 835 imaging procedures, all of which were ultrasound scans. The X-ray machine has been broken down.

High-cost medical equipment in the radiology department represents a substantial capital investment.

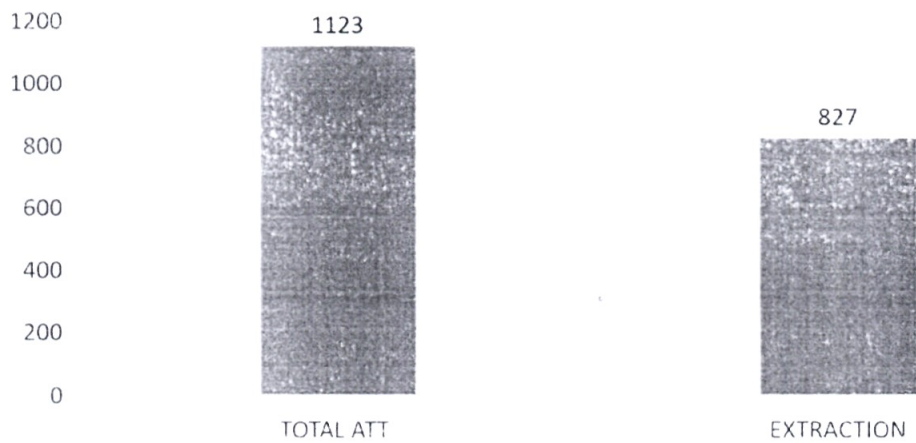
XRAY SERVICES



E. Dental Clinic

The Dental Clinic saw 1,125 patient visits this year, performing common procedures. Services were however hindered by a breakdown of the Dental Chair. This has however been repaired and services resumed and expanded.

DENTAL SERVICES

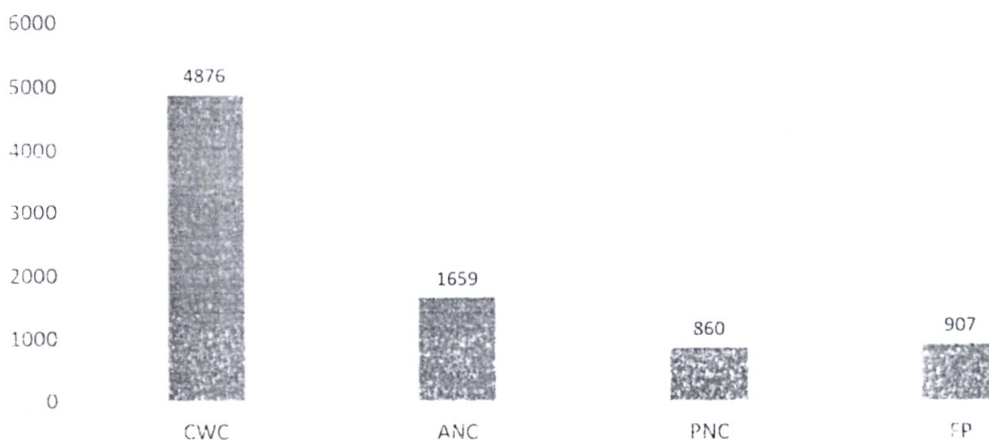


F. Vaccination Programs

The hospital's vaccination programs administered **4,876** total vaccinations, including **4,678** childhood immunizations.

High vaccination rates, particularly for childhood immunizations, reflect the hospital's strong commitment to public health and preventative care.

MCH/FP

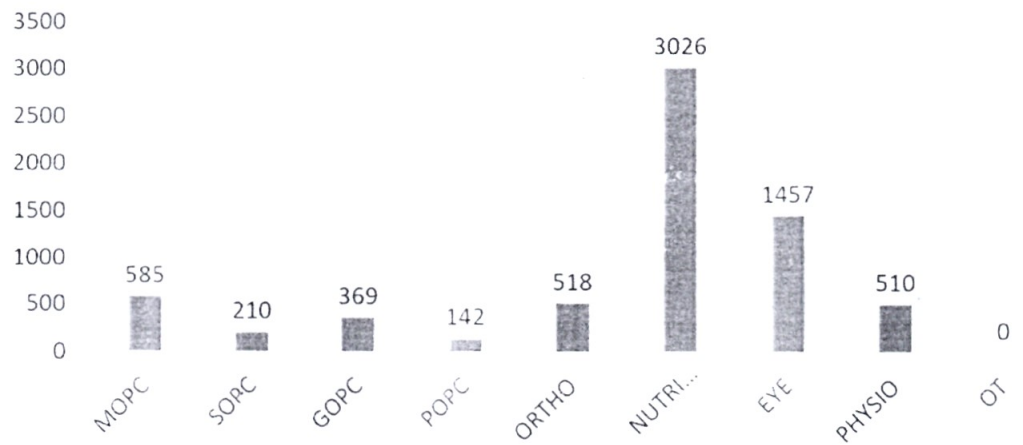


G. Specialist Clinics (Surgery, Physician, Gynecology)

Our specialist clinics recorded **210** outpatient surgeries, **585** physician consultations, and **369** gynecology visits.

High patient volumes in specialist clinics, such as surgery and gynecology, indicate a strong reputation for specialized expertise and effective referral pathways

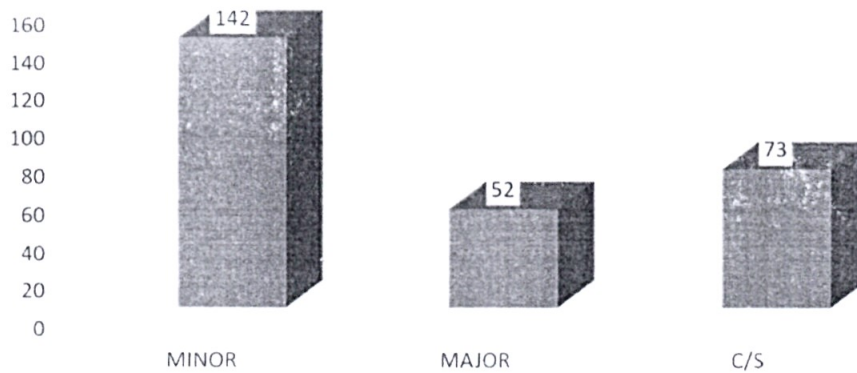
SPECIAL CLINICS



SURGICAL THEATRE UTILISATION.

267 operations were successfully carried out in our surgical theatre. These included 73 Caesarean sections, 125 major surgeries and 142 minor surgeries.

THEATRE SERVICES



Sponsorship and partnerships

2. Financial performance on Revenue and expenditure

Ishiara Sub County Hospital is a public hospital whose mandate is to offer affordable, available and quality health care service to all its population in catchment area and its environs, therefore the hospital is non profit making facility. The revenue projected was barely used to finance recurrent expenditure in FYR ended 30th June 2025 development budget and staff remunerations was contribution in kind by the County Government .

o Revenue sources,

The Hospitals resource envelope in FYR 2024/2025 was from FIF, in kind contributions from county government of Embu and grants from Donors and development partners. Ishiara Hospital had first experience in implementing its first year budget after enactment of the County Health services Act 2024. The revenue trend increased during the year, this achievement was indicated by surpassing the revenue projected in FYR ended 30th June 2025 by Kshs.8,649,003, this achievement was attributable to less interruption of medical supplies, registration of SHA/SHIF and receipts from NHIF outstanding claims.

The Hospitals revenue streams in FYR ended 30th June 2025 were as listed here below:

- Administration
- Ambulance Services
- Dental
- Doctors Clinic
- Injection
- Inpatient
- Laboratory
- Maternity
- MCH
- Mortuary
- Occupational Therapy
- Orthopedic/Plaster
- Outpatient
- Pharmacy

Physiotherapy

Records

Theatre

X-Ray

We aspire to explore additional revenue streams in the future as we continue to implement the health fund at Ishiara Hospital. This will be achieved by ensuring comprehensive recruitment under SHA/SHIF for all eligible patients, alongside the integration of various health insurance plans. Furthermore, we aim to collaborate with an expanded array of health development partners and enhance our health information management systems. A prime example of this is our transition to a more advanced SHA health system, 'Tiberbu-HMIS,' in the fiscal year 2025/2026.

○ Utilisation of funds

The allocation of funds for the fiscal year 2024/2025 commenced following the ratification of the Embu County Budget by the county assembly. The implementation of the budget adhered to the accrual basis of accounting, whereby revenues were recorded at the point of realization and expenditures were documented upon occurrence. All procurement activities were executed in accordance with the approved budget FYR2024/2025.

Total annual expenditure against the approved original budget and additional supplementary budget performance was 99%. The predominant allocations in terms of expenditure associated with the budget were attributed to the following as listed:

Utilities,

Specialized Materials,

Office and General Supplies and Services,

Fuels, Oils; Lubricants,

Salaries and Wages.

All entities' budgets were exclusively allocated to recurrent expenditures. The approved budget for FYR 2024/2025 neither encompassed pivotal development projects from the hospital nor from the County


Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

government and its development partners. This deficiency was noted with considerable concern, and the incorporation of developmental initiatives will be addressed in the subsequent fiscal years' budgets.

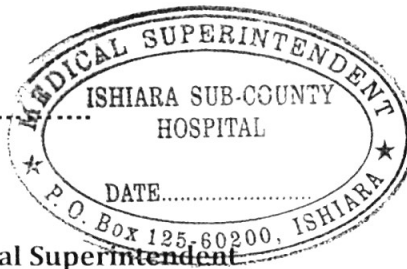
Ishiara Sub County Hospital was adversely impacted by several critical risks, including recurrent industrial actions by healthcare personnel that disrupt services, resulting in the closure of various departments. Additionally, staff turnover has led to shortages in essential divisions, while environmental factors such as extreme heat and flooding have exacerbated the situation. Furthermore, slow reimbursement of SHA claimed funds have precipitated significant cash flow challenges. These challenges will be addressed as we persist in implementing health fund allocations for preceding fiscal years, given that the optimization of hospital management and financial execution continues to advance over time.

This marked the inaugural year of reporting following the ratification of the Health Services Act 2024. All preexisting financial obligations incurred by the facility at the commencement of Fiscal Year 24/25 were assumed by the county government, with the expectation that these would be settled at the county treasury, including statutory deductions that remained unremitted as of June 30, 2025. The principal obligation accrued between July 2024 and June 2025 was an outstanding liability owed to Embe Water Company Limited at the conclusion of the fiscal year ending June 30, 2025. This obligation was quantified at Kshs 1,961,060 representing the sole substantial trade payable recorded in the financial statement, which was earmarked for resolution in the ensuing fiscal year's budget.

During FYR ended 30th June 2025, Ishiara Sub County Hospital was observant of all statutory regulations in place especially the ones in Embu County Health Services Act 2024, Financial and procurement Act 2012(PFM), Accounting Standards (IPSAS), MOH legislation's and the accounting policies have been applied.


.....
Dr. Anthony Nduva

Secretary to the Board/Medical Superintendent



10. Environmental And Sustainability Reporting

i).Sustainability Strategy and Profile

Ishiara Sub County Hospital aligns its sustainability strategy with global and national trends, recognizing the growing impact of climate change, resource scarcity, and socio-economic inequality on public health systems. In line with international sustainability frameworks such as the United Nations Sustainable Development Goals (SDGs), the hospital contributes to SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), and SDG 12 (Responsible Consumption and Production).

Our sustainability priorities focus on improving healthcare delivery while minimizing environmental impact, promoting equitable access to services, and strengthening institutional governance.

Key Achievements (2024/2025):

- 1) Trained staff on paperless operations through Taifa Care System powered by Tiberbu EMR
- 2) Increased procurement allocations to local suppliers
- 3) Initiated waste segregation with color-coded bins installed in all wards and departments.
- 4) Conducted four community health sensitization campaigns in partnership with local administration.

Challenges:

1. Lack of water supply for a duration of three weeks affected sanitation services.

The hospital operates under a Service Delivery Charter, which outlines the standards and timelines for key services, guiding patient expectations and promoting accountability.

ii.Environmental performance

The hospital has maintained a clean environment by ensuring a high standard of cleanliness. It has also maintained trees in the compound in adherence to the government policy of ensuring a 10% tree cover on the land. These trees are maintained by watering them adequately during the dry months of the year.

We have however faced challenges in the disposal of plastic waste since a significant amount of our products come packaged in single use plastic. These we dispose by burning in an open pit. We acknowledge that this is not the ideal practice, but it is inevitable.

We have begun installing solar security lighting in the hospital. This helps in making sure our energy sources are climate-smart.

iii. Employee welfare

Our workforce is our most valuable asset, and investing in their development and well-being is paramount to delivering exceptional patient care. This section reviews the hospital's human resources performance.

During the year under review, the welfare of our staff was greatly affected by the ongoing industrial action by workers under the UHC program. It left gaping staffing gaps in most departments and thus some staff were not able to proceed on their annual leave. However, some staff were able to proceed on annual leave while appearing for work once weekly in their departments.

Some staff who were due for promotion were promoted. Priority was given to staff who are about to retire.

In efforts to improve staff skills and knowledge, several training sessions were carried out both within and outside the hospital. These included training on digitization of health services, management of gender based violence cases. The hospital also set aside Wednesdays as days to conduct continuous medical education, with each department participating.

iv).Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

All hospital procurement was carried out in compliance with the public finance management act, public procurement and disposal act and Embu county health act.

This involved open tendering and only directly procured items costing less than Ksh. 50,000.

b) Responsible Supply chain and supplier relations

The hospital maintained a healthy relationship with the suppliers to ensure goods and services are procured in a timely manner and are availed when needed. Goods and services procured were paid for promptly and at the close of the financial year there was no pending bills owed to suppliers.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The hospital carried out two stakeholder engagement meetings with the residents of Ishiara markets to create awareness on available services and also receive feedback on the services offered. Members of the public offered valuable feedback on the quality of services and pointed out areas of improvements.

An outreach was also carried out in three schools whose activities included deworming, counselling sessions and health talks.

A nutrition outreach was done at Ishiara market was carried out to educate mothers on feeding of children to prevent cases of malnutrition.

d) Product stewardship or Awareness Creation

The staff have been continually sensitised on ethical practices and also data protection. They are continually reminded on the provisions of the data protection act and the digital health act. These help to protect information of our clients and protect their privacy.

We also encourage our clients to register and pay for their SHA so that they can access services without incurring further costs.

v).Corporate Social Responsibility / Community Engagements

Ishiara Sub County Hospital recognizes the importance of building trust with the local community through meaningful engagement and service.

During this period, the hospital carried out several outreaches as part of corporate social responsibility.

The eye clinic conducted ten community screening outreaches and linked those in need with a partner (vision impact project) who supports cataract surgeries.

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The nursing department carried out three outreach sessions to a primary school and two secondary schools. These included health talks on menstrual hygiene, drugs and substance use, reproductive health and medical career guidance.

We aim to carry out more activities in the coming year and have a bigger impact on the community.

The Hospital remains committed to promoting sustainability, environmental stewardship, inclusive governance, and community empowerment. As we navigate future challenges, we aim to deepen our impact through continuous improvement, technology adoption, and stronger stakeholder partnerships.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are assumed to continue in unforeseeable future.

The results of the entity for the year ended June 30 2025 are set out on pages One to Ten.


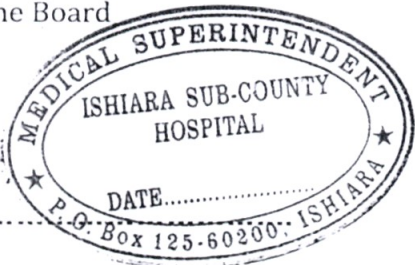
Board of Management

The members of the Board who served during the year are shown on page vii&viii. During the year, three director(s) retired, and Four directors were appointed with effect from February 2025.

Auditors

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

By Order of the Board

Dr. Anthony Nduva

Secretary to the Board/Medical Superintendent

12. Statement of Board of Management's Responsibilities

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

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

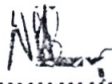
The Board of Management accepts responsibility for the *Hospital's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:



.....
Name: Mr. Michael Namu Kanyaru
Chairperson
Board of Management



.....
Name: Dr. Anthony Nduva
Accounting Officer
Secretary to the Board/Medical
Superintendent

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ISHIARA SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF EMBU

PREAMBLE

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

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

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 Ishiara Sub County Hospital – County Government of Embu set out on pages 1 to 62 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ishiara Sub County Hospital – County Government of Embu 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, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Ownership for Property Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value of Kshs.530,250 as disclosed in Note 32 to the financial statements. However, ownership document for the land on which the Hospital was built, was not provided for audit. In addition, ownership documents for the Hospital ambulance were also not provided for audit. Further, assets within the facility have not been tagged or assigned asset identification numbers.

In the circumstances, the accuracy and completeness of property, plant and equipment net book value of Kshs.530,250 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ishiara Sub County 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.142,635,381 and Kshs.151,284,384 respectively resulting to an over-funding of Kshs.8,649,003 or 6% of the budget. Similarly, the Fund spent Kshs.139,470,195 against actual receipts of Kshs.151,284,384 resulting in an under-utilization of Kshs.11,794,189 or 8% of the actual receipts.

The under-utilization affected implementation of planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of the above 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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to report in the year under review.

Other Information

Board of Management is responsible for the Other Information set out on pages iii to xli which comprise of Hospital Information and Overall Performance, Statement of Performance against Hospital's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Hospital's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of 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 and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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. Challenges in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's facilities revealed that it may have difficulties in achieving the Universal Health Coverage goals which may be attributed to the following reasons;

- i. There are no renal services offered at the hospital due to lack of dialysis machine.
- ii. The X-ray machine is not operational due to lack of battery since January 2024.
- iii. Non-operational oxygen plant

- iv. A number of hospital buildings including the staff quarters are old and require a major facelift.
- v. Staff quarters have asbestos rooftops

In addition, physical verification in October, 2025 revealed that the Oxygen plant and X-ray machine were not functional. Management attributed this to non-working batteries in the Uninterruptible Power Supply (UPS) systems. No procurement or maintenance plan was provided to address the minor issue preventing functionality. The equipment has remained idle, resulting in patients being referred to other facilities for oxygen supply and imaging services.

In the circumstances, the Hospital may not be able to deliver UHC to the public.

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

Verification of services offered, equipment used and staff at the hospital revealed that during the year under review, the hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as detailed below;

Personnel	Level 4 Standard	Actual Numbers	Deficit
Medical Officers	16	1	15
Anaesthesiologists	2	0	2
General Surgeons	2	1	1
Gyanecologists	2	1	1
Paediatrics	2	0	2
Radiologists	2	0	2
Kenya Registered Community Health Nurses	75	30	45
Total	101	33	68

Further, the Hospital had deficits in services and equipment as detailed below;

Services	Required	In-Post	Deficit
Incubators (New born)	5	0	5
Cots	5	5	0
Resuscitaire in theatre	1	1	0
Resuscitaire in labour ward	2	1	1
Functional ICU beds	6	0	6
HDU beds	6	0	6
Renal Unit with dialysis machine	5	0	5
Functional operating theatres maternity and general surgeries	2	1	1
Total	32	8	24

These deficiencies contravened the First Schedule of Health Act, 2017 and implied 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 could not be achieved.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Manual Billing and Revenue Recording for Inpatient Services

The statement of financial performance and as disclosed in Note 11 to the financial statement reflects an amount of Kshs.23,621,590 in respect to rendering of services – Medical service Income which further includes an amounts of Kshs.1,802,910 in respect to Inpatient, Kshs.7,250,423 in respect to NHIF and Kshs.8,341,356 in respect to SHIF. Review of records revealed that those inpatient services are being billed manually instead of using the hospital's automated billing system, Manual bills are not sequentially controlled or reconciled with system records Some manual bills were not captured in the financial system, making it difficult to verify completeness of inpatient revenue.

Due to inherent weaknesses, manual billing exposes the Hospital to risk of misappropriation of assets and misstatements in the financial statements.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathunga, CBS
AUDITOR-GENERAL

Nairobi

28 November, 2025

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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


Description	Note	FY Ended June 25	FY Ended June 24
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	
In-kind contributions from the County Government	7	113,953,898	
Grants from donors and development partners	8	13,708,896	
Transfers from other Government entities	9	-	
Public contributions and donations	10	-	
		127,662,794	
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	23,621,590	
Revenue from rent of facilities	12	-	
Finance /interest Income	13	-	
Miscellaneous income	14	-	
Revenue from exchange transactions		23,621,590	
Total revenue		151,284,384	
Expenses			
Medical/Clinical costs	15	6,521,808	
Employee costs	16	123,619,898	
Board of Management Expenses	17	440,000	
Depreciation and amortization expense	18	89,750	
Repairs and maintenance	19	780,818	
Grants and subsidies(Wavers)	20	247,010	
General expenses	21	7,240,661	
Finance costs	22	-	
Total expenses		138,939,945	
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	

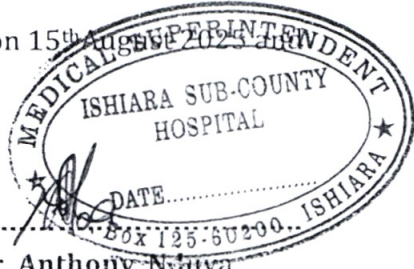
*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Note	FY Ended June	FY Ended June 24
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	
Medical services contracts Gains/Losses	25	-	
Impairment loss	26	-	
Gain on foreign exchange transactions		-	
Total other gains/(losses)		-	
Net Surplus / (Deficit) for the year		12,344,439	

The Hospital's financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:


.....
Mr. Michael Namu Kanyaru
Chairman
Board of Management


.....
Ms. Rose Njeru
Head of Finance
ICPAK No: 10904


.....
Dr. Anthony Ndauva
Secretary to the Board/
Medical Superintendent

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	FY Ended June 25 Kshs	FY Ended June 24 Kshs
Assets			
Cash and cash equivalents	27	3,227,637	
Prepayments	28	180,222	
Receivables from exchange transactions	29	8,344,675	
Receivables from non-exchange transactions	30	-	
Inventories	31	3,331,845	
Total Current Assets		15,084,378	
Non-current assets			
Property, plant, and equipment	32	530,250	
Intangible assets	33	-	
Investment property	34	-	
Biological Assets	35	-	
Total Non-current Assets		530,250	
Total assets (A)		15,614,628	
Liabilities			
Current liabilities			
Trade and other payable s	36	3,270,189	
Refundable deposits from Patients/Prepayments	37	-	
Provisions	38	-	
Finance lease obligation	39	-	
Current portion of deferred income	40	-	
Current portion of borrowings	41	-	
Total Current Liabilities		3,270,189	
Non-current liabilities			
Provisions	38	-	
Non-Current Finance lease obligation	39	-	
Non-Current portion of deferred income	40	-	


Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY Ended	FY Ended June 24
		June 25	June 24
		Kshs	Kshs
Non - Current portion of borrowings	41	-	
Service concession Arrangements	42	-	
Total non-current liabilities		-	
Total Liabilities (B)		3,270,189	
Net assets (A-B)		12,344,439	
Represented by:			
Revaluation reserve		-	
Accumulated surplus/Deficit		12,344,439	
Capital Fund		-	
Net Assets		12,344,439	


The Hospital's financial statements were approved by the Board on 15th June 2025 and signed on its behalf by:



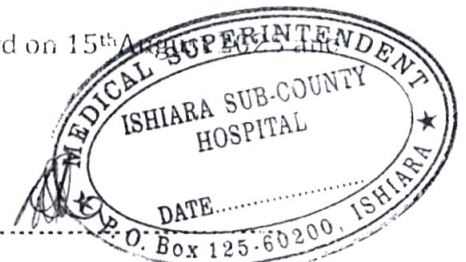
Mr. Michael Namu
Kanyaru
Chairman
Board of Management



Ms. Rose Njeru
Head of Finance
ICPAK No: 10904



Dr. Anthony Nduva
Secretary to the Board /
Medical Superintendent



Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th 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
As at July 1, 2023 (previous year)	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	0	0	0
Capital/Development grants	0	0	0	0
As at June 30, 2024 (previous year)	0	0	0	0
	0	0	0	0
At July 1, 2025 (current year)	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the period	0	12,344,439	0	12,344,439
Capital/Development grants	0	0	0	0
At June 30 2025, (current year)	0	12,344,439	0	12,344,439

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY Ended June 25	FY Ended June 24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	
In-kind contributions from the County Government		113,953,898	
Grants from donors and development partners		13,208,896	
Transfers from other Government entities		-	
Public contributions and donations		-	
Rendering of services- Medical Service Income		15,276,915	
Revenue from rent of facilities		-	
Finance / interest income		-	
Miscellaneous receipts(Transfer from County Health Revenue Fund)		267,137	
Total Receipts		142,706,846	
Payments			
Medical/Clinical costs			
Employee costs		9,644,444	
Board of Management Expenses		123,619,898	
Repairs and maintenance		440,000	
Grants and subsidies		780,818	
General expenses		247,010	
Finance costs		4,627,040	
Refunds paid out		-	
Total Payments		139,359,210	
Net cash flows from operating activities	43	3,347,637	
Cash flows from investing activities			
Purchase of property, plant, equipment		(120,000)	
Purchase of intangible assets		-	
Proceeds from the sale of PPE		-	
Acquisition of investments		-	
Net cash flows used in investing activities		-	
Cash flows from financing activities		(120,000)	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents			3,227,637
Cash and cash equivalents as at 1 July	27		-
Cash and cash equivalents as at 30 June	27		3,227,637

*Ishihara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a Kshs	b Kshs	c=(a+b) Kshs	d Kshs	e=(c-d) Kshs	f=d/c%
Budget carryovers from the previous year	-	-	-	-	-	0%
Receipts						
Transfers from the County Government	-	-	-	-	-	0%
In-kind contributions from the County Government	113,953,898	-	113,953,898	113,953,898	-	100%
Grants from donors and development partners	13,708,896	-	13,708,896	13,708,896	-	100%
Transfers from other Government entities	-	-	-	-	-	0%
Public contributions and donations	-	-	-	-	-	0%
Rendering of services- Medical Service Income	12,639,100	2,333,487	14,972,587	23,621,590	(8,649,003)	158%
Revenue from rent of facilities	-	-	-	-	-	0%
Finance / interest income	-	-	-	-	-	0%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	0%
Total receipts	140,301,894	2,333,487	142,635,381	151,284,384	(8,649,003)	106%
Payments						
Medical/Clinical costs	10,651,996	1,825,000	12,476,996	6,521,808	5,955,189	52%
Employee costs	123,619,898	-	123,619,898	123,619,898	-	100%
Remuneration of directors	80,000	385,000	465,000	440,000	25,000	95%
Repairs and maintenance	850,000	50,000	900,000	780,818	119,182	87%
Grants and subsidies	-	-	-	247,010	(247,010)	0%
General expenses	4,300,000	253,487	4,553,487	7,240,661	(2,687,174)	159%
Finance costs	-	-	-	-	-	0%
Property, plant, and equipment	800,000	(180,000)	620,000	620,000	-	100%

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Total Operational Expenditure paid	140,301,894	2,333,487	142,635,381	139,470,195	3,165,186	98%
Capital Expenditure paid	-	-	-	-	-	-
Surplus	-	-	-	11,814,189	(11,814,189)	0%

Budget notes

Different between the original and final supplementary budget arose from an augmented allocation resulting from increased revenue collection. The original budget was Kshs 12,639,100 for FY24/25. Subsequent revisions were made to the approved budget through the supplementary budget ratified by the county assembly in February 2025, reflecting additional revenue collected beyond the projected amount, totaling Kshs 2,233,487.

Revenue received continued to rise over time, thereby exacerbating the disparity between actual and projected revenue, with an indication of 158%.

The 159% noted in general expenses stemmed from payable accrued in FYR24/25, which were incorporated in the financial statements. Their allocations were intended to be included in the second supplementary budget, which ultimately was not approved due to the expiration of the financial period.

1. The reallocation of budgets from one line item to another was executed through an approved supplementary budget, while others were facilitated via journal entries in support of the above re-allocations.

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	11,814,189
1	Add Back accrued expenses	3,270,189
2	Less Receivables	8,344,675
3	Less Inventory	3,331,845
4	Less Fuel prepayment	180,222
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,227,637

19. Notes to the Financial Statements

1. General Information

Ishiara Sub-County Hospital is a level 4 hospital and derives its authority and accountability from PFM Act and Embu County Health Services Act 2024. The entity is wholly owned by the Embu County Government and is domiciled in Embu County in Kenya. The entity's principal activity is to offer health services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note Five. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Hospital*. The financial statements have been prepared in accordance with the PFM Act, and *Embu County Health Services Act 2024*, 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

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

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

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

Standard	Effective date and impact
Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This note will assist in revaluation of assets inherited from National government and county government.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective</p>

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

Standard	Effective date and impact
	<p>IPSAS 26.</p> <p>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.</p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) **Revenue from exchange transactions**

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget kshs 12,639,100 for FY24/25 was approved by Board in October 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Hospital* recorded additional appropriations of **Kshs. 2,233,487** on the FY 24/25 budget following the Board's approval. The *Hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payable s 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 payable s 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.

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.

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.

I. 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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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. The hospital did not create any reserve in FYR ended 30th June 2025.

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.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the

end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity.

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 38. 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 Ended June 25	FY Ended June 24
	KShs	KShs
Unconditional grants		
Operational grant	0	
Level 4/5 grants	0	
Unconditional development grants	0	
Other grants (<i>specify</i>)	0	
	0	
Conditional grants		
User fee forgone	0	
Transforming health services for Universal care project (THUCP)	0	
DANIDA	0	
Wards Development grant	0	
Paediatric block grant	0	
Administration block grant	0	
Laboratory grant	0	
Total government grants and subsidies	0	

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to 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
Embu County Government	0	0	0	0	
Total	0	0	0	0	

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY Ended June	FY Ended June
	25	24
	KShs	KShs
Salaries and wages	113,953,898	
Medical supplies-Drawings Rights (KEMSA)	-	
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	
Utility bills	-	
Total grants in kind	113,953,898	

8. Grants From Donors and Development Partners

Description	FY Ended June	FY Ended June
	25	24
	KShs	KShs
Pharmaceutical and Non-Pharmaceutical Supplies	1,043,668	
World Bank grants (ARVs)	2,499,228	
National Government (Ministry of Health) UHC Staff Costs	8,280,000	
Jamii Tekelezi Staff Costs (USAID)	1,386,000	
Cancer Machines Donations-CHAI/Kilele	500,000	
Total grants from development partners	13,708,896	

The aforementioned revenue was acquired in the form of medical supplies, generously donated to assist individuals living with HIV. Additionally, two cancer screening machines were contributed to the hospital by the Clinton Health Initiative, in collaboration with Kilele partners, to enhance cancer screening efforts. Furthermore, the compensation of staff salaries and wages was supported by respective recruiting partners.

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Pharmaceutical and Non-Pharmaceutical Supplies	1,043,668	0	0	1,043,668	
World Bank	2,499,228	0	0	2,499,228	
MOH	8,280,000	0	0	8,280,000	
Jamii Tekelezi (USAID)	1,386,000	0	0	1,386,000	
CHAI /Kilele	0	0	500,000	500,000	
Total	13,208,896	0	500,000	13,708,896	

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	
Transfer from xxx National Hospital	0	
Transfer from xxx Institute	0	
Total Transfers	0	

10. Public Contributions and Donations

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Public donations	0	
Donations from local leadership	0	
Donations from religious institutions	0	
Donations from other international organisations and individuals	0	
Other donations (specify)	0	
Donations in kind-amortised	0	
Total donations and sponsorships	0	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

10 (a) Reconciliations of amortised grants

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Balance unspent at beginning of year	0	
Current year receipts	0	
Amortised and transferred to revenue	0	
Conditions to be met – remain liabilities	0	

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY Ended June 25	FY Ended June 24
	Jan 25 KShs	Period 1 year KShs
Administration	60,000	
Ambulance services	7,000	
Dental	241,800	
Doctors clinic	86,700	
Doctors/clinicians	20,200	
Injection	20,490	
Inpatient	1,802,910	
Laboratory	930,440	
Maternity	529,100	
MCH	74,480	
Mortuary	542,900	
Occupational therapy	7,300	
OPD	900	
Orthopaedic	1,800	
Orthopaedics/plaster	47,570	
Other income	1,700	
Outpatient	19,520	
Pharmacy	1,489,820	
Physiotherapy	34,700	
Records	1,397,510	
Theatre	110,800	
X-Ray	371,000	
Exemptions	(15,839)	
Wavers	247,010	
NHIF	7,250,423	
SHIF	8,341,356	
Total revenue from the rendering of services	23,621,590	

Ishara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Residential property	0	
Commercial property	0	
Total Revenue from rent of facilities	0	

13. Finance /Interest Income

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	
Interest income from short- term/ current deposits	0	
Interest income from Treasury Bills	0	
Interest income from Treasury Bonds	0	
Interest from outstanding debtors	0	
Total finance income	0	

14. Miscellaneous Income

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Insurance recoveries	0	
Income from sale of tender	0	
Services concession income	0	
Sale of goods (water, publications, containers etc)	0	
Write backs (Deposits, payments in advance etc)	0	
Bad debts recovered	0	
<i>Others (Specify)</i>	0	
Total Miscellaneous income	0	

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Dental costs/ materials	49,500	
Laboratory chemicals and reagents	525,920	
Public health activities	0	
Food and Ration	1,255,648	
Uniform, clothing, and linen	0	
Dressing and Non-Pharmaceuticals	202,614	
Pharmaceutical supplies	4,040,853	
Purchase Of Uniforms And Clothing - Patients	0	
Purchase Of Bedding And Linen	0	
Sanitary and cleansing Materials	304,755	
Purchase of Medical gases	124,500	
X-Ray/Radiology supplies	0	
Mosquito nets	18,018	
Total medical/ clinical costs	6,521,808	

16. Employee Costs

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Salaries, wages, and allowances	123,619,898	
Contributions to pension schemes	0	
Service gratuity	0	
Performance and other bonuses	0	
Staff medical expenses and Insurance cover	0	
Group personal accident insurance and WIBA	0	
Social contribution	0	
Other employee costs (<i>specify</i>)	0	
Employee costs	123,619,898	

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Chairman's Honoraria	-	
Sitting allowance	81,000	
Mileage	-	
Insurance expenses	-	
Induction and training	292,000	
Travel and accommodation allowance	67,000	
Airtime allowances	-	
Others	-	
Total	440,000	

18. Depreciation and Amortization Expense

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Property, plant and equipment	89,750	
Intangible assets	-	
Investment property carried at cost	-	
Total depreciation and amortization	89,750	

19. Repairs And Maintenance

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Property- Buildings	50,000	
Medical equipment	300,818	
Office equipment	-	
Furniture and fittings	-	
Computers and accessories	50,000	
Motor vehicle expenses	200,000	
Maintenance of civil works	180,000	
Total repairs and maintenance	780,818	

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Community development and social work	0	
Education initiatives and programs	0	
Free/ subsidised medical camp	0	
Disability programs	0	
Free cancer screening	0	
Social Benefit Expenses	0	
Waivers	247,010	
Total grants and subsidies	247,010	

21. General Expenses

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Advertising and publicity expenses	-	
Catering expenses	405,410	
Waste management expenses	-	
Insecticides and rodenticides	20,000	
Audit fees	-	
Bank charges	30,776	
3% Administrative costs to fund account	701,237	
Consultancy fees	-	
Contracted services	-	
Electricity expenses	2,047,289	
Fuel and Lubricants	264,778	
Insurance	-	
Research and development expenses	-	
Travel and accommodation allowance	249,250	
Legal expenses	-	
Licenses and permits	-	
Courier and postal services	9,400	
Printing and stationery	119,568	
Hire charges	-	
Rent expenses	-	
Water and sewerage costs	3,014,560	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Skills development levies	-	
Telephone and mobile phone services	28,900	
Internet expenses	64,800	
Staff training and development	69,000	
Supplies And Accessories For Computers And Printers	50,000	
Subscriptions to newspapers periodical, magazines, and gazette notices	-	
Other Fuels	149,400	
General Office Supplies	16,292	
Total General Expenses	7,240,661	

22. Finance Costs

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Borrowings (amortized cost) *	0	
Finance leases (amortized cost)	0	
Interest on Bank overdrafts/Guarantees	0	
Interest on loans from commercial banks	0	
Total finance costs	0	

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

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Property, plant, and equipment	0	
Intangible assets	0	
Other assets not capitalised (<i>specify</i>)	0	
Total gain on sale of assets	0	

24. Unrealized Gain On Fair Value Investments

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Investments at fair value	0	
Total gain	0	

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	
Non- Comprehensive contracts care with NHIF/SHA	0	
Linda Mama Program	0	
Waivers and Exemptions	0	
Total Gain/Loss	0	

26. Impairment Loss

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Property, plant, and equipment	0	
Intangible assets	0	
Investments	0	
Total impairment loss	0	

27. Cash And Cash Equivalents

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Current accounts	3,227,637	
On - call deposits	-	
Fixed deposits accounts	-	
Cash in hand	-	
Mobile Money	-	
Total cash and cash equivalents	3,227,637	

Notes to the Financial Statements (Continued)

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

Description		FY Ended June 25	FY Ended June 24
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank Revenue	01141408211501	71,385	
Equity Bank operations	0190285799045	3,156,252	
Sub- total		3,227,637	
b) On - call deposits			
Cooperative Bank		-	
Equity Bank		-	
Sub- total		-	
c) Fixed deposits account			
Bank Name		-	
Sub- total		-	
d) Others(specify)			
cash in hand		-	
Mobile money- Mpesa	587310	-	
Sub- total		-	
Grand total		3,227,637	

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Insurance	0	
Rent	0	
Water	0	
Internet	0	
Fuel	180,222.00	
Total	180,222.00	

29. Receivables From Exchange Transactions

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Medical services receivables from SHA	4,608,355	
Medical services receivables from NHIF	3,736,320	
Rent receivables	-	
Other exchange debtors	-	
Less: impairment allowance	-	
Total receivables	8,344,675	

Analysis of Receivables From Exchange Transactions

Description	FY Ended June 25		FY Ended June 24	
	KShs	% of the total	KShs	% of the total
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	8,344,675	100%		
Between 1- 2 years	-	%		
Between 2-3 years	-	%		
Over 3 years	-	%		
Total (a+b)	8,344,675	100%		

30. Receivables From Non-Exchange Transactions

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Transfers from the County Government	0	
Undisbursed donor funds	0	
Other debtors (<i>non-exchange transactions</i>)	0	
Less: impairment allowance	(0)	
Total	0	

Analysis of Receivables From Non-Exchange Transactions

Description	FY Ended June 25		FY Ended June 24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0%		
Between 1- 2 years	0	0%		
Between 2-3 years	0	0%		
Over 3 years	0	0%		
Total (a+b)	0	0%		

31. Inventories

Description	FY Ended Jun 25	FY Ended June 24
	Kshs	Kshs
Pharmaceutical supplies	847,865	
Non-Pharmaceutical supplies	1,222,290	
Food supplies	244,139	
Lab materials & Supplies	434,676	
Linen and clothing supplies	0	
ARVs Supplies	363,777	
Cleaning materials supplies	134,390	
General supplies	84,708	
Less: provision for impairment of stocks	0	
Total	3,331,845	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Detailed disclosure on inventories

	FY Ended June 25	FY Ended June 24
Opening balance	0	
Additional Inventory in the year	9,820,444	
Inventory expensed in the year	6,488,600	
Write-downs in the year	0	
Others specify	0	
Closing balance	3,331,845	

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost	0	2%	25%	12.50%	30%	12.50%			
At 1 July 2024(previous year)	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	0	0	0	0	0	0	0	0
At 1 July 2025 (current year)	0	0	0	0	0	0	0	0	0
Additions	0	0	0	50,000	70,000	500,000	0	0	620,000
Disposals	0	0	0	0	0	0.00	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	0	0	50,000	70,000	500,000	0	0	620,000
Depreciation and impairment									
At 1 July 2024(previous year)	0	0	0	0	0	0	0	0	0

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Land	Buildings and Civil	Motor vehicles	Furniture fittings	ICT Equipme	Plant and medical	Other Assets	Capital	Total
year)									
Depreciation for the year	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 30 June 2024	0	0	0	0	0	0	0	0	0
At July 2025(current year)	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	6,250	21,000	62,500	0	0	89,750
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30th June 2025	0	0	0	6,250	21,000	62,500	0	0	89,750
Book values									
At 30th Jun 2024 (previous)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th Jun 2025 (current)	0.00	0.00	0.00	43,750	49,000	437,500	0.00	0.00	530,250

Note/Assets are listed in Hospital inventory .The Government is in the process of the valuation model and depreciation rates for the assets inherited from National Government and Embu County Government that is before and after devolution. The Hospital is built on approx. 8 ha of land, title deed is yet on the process of acquisition ,The current market price estimate is at 12m per Acre.

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Cost		
At beginning of the year	0	
Additions	0	
Additions-Internal development	0	
Disposal	(0)	
At end of the year	0	
Amortization and impairment		
At beginning of the year	0	
Amortization for the period	0	
Impairment loss	0	
At end of the year	0	
NBV	0	

34. Investment Property

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
At beginning of the year	0	
Additions	0	
Disposals during the year	0	
Fair value gain	0	
Depreciation (<i>where investment property is at cost</i>)	(0)	
Impairment	(0)	
At end of the year	0	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Trees in a plantation forest	0	
Animals: Dairy Cattle, Pigs, Sheep	0	
Others specify	0	
Total	0	

36. Trade and other Payables

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Trade payables	3,270,189	
Employee dues	0	
Third-party payments (<i>unremitted payroll deductions</i>)	0	
Audit fee	0	
Doctors' fee	0	
Total trade and other payables	3,270,189	
Ageing analysis:	Current FY	% of the Total
Under one year	3,270,189	
1-2 years	0	
2-3 years	0	
Over 3 years	0	
Total	3,270,189	

37. Refundable Deposits from Customers/Patients

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Medical fees paid in advance	0	
Credit facility deposit	0	
Rent deposits	0	
Others (<i>specify</i>)	0	
Total deposits	0	

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0%		
1-2 years	0	0%		
2-3 years	0	0%		
Over 3 years	0	0%		
Total	0	0%		

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

Description	FY Ended June 25	FY Ended June 24
	Kshs	Kshs
Current Lease obligation	0	
Long term lease obligation	0	
Total	0	

40. Deferred Income

Description	FY Ended June 25	FY Ended June 24
	KShs	KShs
Current Portion	0	
Non-Current Portion	0	
Total	0	

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	0	0	0	
Additions during the year	0	0	0	
Transfers to Capital fund	(0)	(0)	(0)	
Transfers to statement of financial performance	(0)	(0)	(0)	
Other transfers (<i>Specify</i>)	(0)	(0)	(0)	
Balance C/F	0	0	0	

41. Borrowings

Description	FY Ended June 25 KShs	FY Ended June 24
Balance at beginning of the period	0	
External borrowings during the year	0	
Domestic borrowings during the year	0	
Repayments of external borrowings during the year	(0)	
Repayments of domestic borrowings during the year	(0)	
Balance at end of the period	0	

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

Description	FY Ended June 25 KShs	FY Ended June 24 KShs
Current Obligation	0	
Non-Current Obligation	0	
Total	0	

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY Ended June	FY Ended June
	25	24
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	
Accumulated depreciation to date	(0)	
Net carrying amount	0	
Service concession liability at beginning of the year	0	
Service concession revenue recognized	(0)	
Service concession liability at end of the year	0	

43. Cash Generated from Operations

Description	FY Ended June	FY Ended June
	25	24
	KShs	KShs
Surplus for the year before tax	12,344,439	
Adjusted for:		
Depreciation	89,750	
Non-cash grants received	(500,000)	
Impairment	-	
Gains and losses on disposal of assets	-	
Contribution to provisions	-	
Contribution to impairment allowance	-	
Working Capital adjustments		
Increase in inventory	(3,331,845)	
Increase in receivables	(8,344,675)	
Increase in deferred income	(180,222)	
Increase in payables	3,270,189	
Increase in payments received in advance	-	
Net cash flow from operating activities	3,347,637	

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 minimize the potential adverse effect of such risks on its performance by setting

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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
At 30 June 2024 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from -non-exchange transactions	0			
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions(NHIF)	3,736,320	3,736,320	0	0
Receivables from exchange transactions(SHA/SHIF)	4,608,355	4,608,355		
Receivables from -non-exchange transactions	0	0	0	0
Bank balances	3,227,637	3,227,637	0	0
Total	11,572,312	11,572,312	0	0

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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
At 30 June 2024 (previous year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2025				
Trade payables	0	0	3,270,189	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	-	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	3,270,189	0

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 optimizing 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
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

Description	KShs Kshs	Other currencies	Total Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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 Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
20XX (previous year)			
Euro	10%	0	0
USD	10%	0	0
20XX (current year)			
Euro	10%	0	0
USD	10%	0	0

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 endeavored to bank with institutions that offer favourable interest rates.

Sensitivity analysis

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

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

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	31 st Dec 2024	30 th June 25
Revaluation reserve	0	
Retained earnings	0	
Capital reserve	0	
Total funds	0	
Total borrowings	0	
Less: cash and bank balances	3,227,637	
Net debt/ (<i>excess cash and cash equivalents</i>)	(3,227,637)	
Gearing	0%	

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.

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

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

*Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	FY Ended June-25	FY Ended June-24
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	
Sales of services to xxx	0	
Total	0	
b) Grants from the Government		
Grants from County Government	113,953,898	
Grants from the National Government Entities	0	
Donations in kind	13,708,896	
Total	127,662,794	
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	
Payments for goods and services for xxx	0	
Total	0	
d) Key management compensation		
Directors' emoluments	440,000	
Compensation to the medical Sup	0	
Compensation to key management	0	
Total	440,000	

46. Segment Information

-Segment information was not applicable in FYR ended 30th June 2025.

47. Contingent Liabilities

Contingent Liabilities	FY Ended June-25	FY Ended June-24
	KShs	KShs
Court case against the hospital	0	
Bank guarantees in favour of subsidiary	0	
Total	0	

48. **Capital Commitments**

Capital Commitments	FY Ended June-25	FY Ended June-24
	Kshs	Kshs
Authorised For	0	
Authorised And Contracted For	0	
Total	0	

49. **Events after the Reporting Period**

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

50. **Ultimate and Holding Entity**

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

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

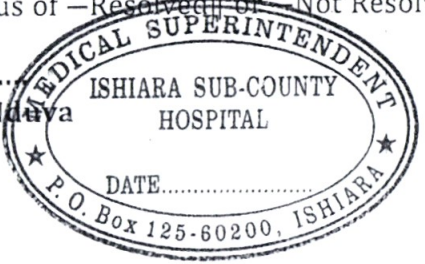
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the –Issue/Observation|| and –management comments||, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of –Resolved|| or –Not Resolved|| by the date of submitting this report to National Treasury.

.....
 Name: Dr. Anthony Nduya
 Accounting Officer



Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

Ishiara Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter


Name of Transferring entity....Embu County Department of Health

Name of Beneficiary entity.....Ishiara Sub County Hospital


Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (2025)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FYR2024/2025	04/10/2024	3,005,724.00	-	3,005,724.00	97% transfered
FYR2024/2025	25/03/2025	3,175,095.00	-	3,175,095.00	100% Transferred
FYR2024/2025	11/04/2025	385,000.00	-	385,000.00	100% Transferred
FYR2024/2025	09/06/2025	4,169,699.00	-	4,169,699.00	100% Transferred
FYR2024/2025	09/06/2025	75,500.00	-	75,500.00	100% Transferred
FYR2024/2025	27/06/2025	4,298,580.00	-	4,298,580.00	over 101% Transferred
Total		15,109,598.00	-	15,109,598.00	

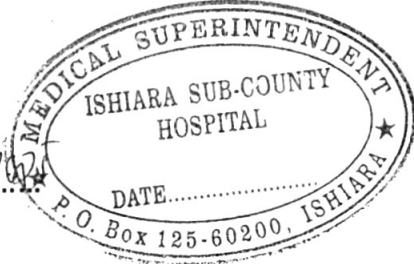
I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

NameDr. Anthony Nduva..... Sign  Date 15/8/2025

Head of Accounts Department - Beneficiary Entity:

NameRose Njeru..... Sign  Date 15/08/2025



aAppendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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