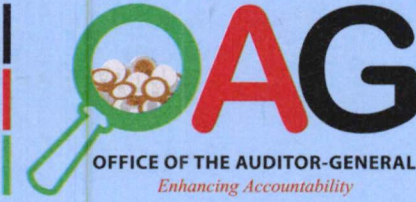


REPUBLIC OF KENYA



SD

REPORT

OF

THE AUDITOR-GENERAL

ON

NAROK COUNTY REFERRAL LEVEL 4  
HOSPITAL

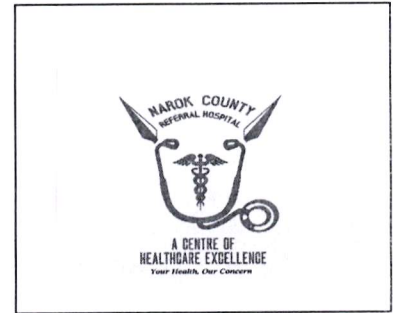
FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NAROK

PAPERS LAID	
DATE	19/2/2026
TABLED BY	Minority Whip
COMMITTEE	—
CLERK AT THE TABLE	Angelo

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*Revised 30<sup>th</sup> June 2025*



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**NAROK COUNTY REFERRAL HOSPITAL LEVEL 4 HOSPITAL  
(NAROK COUNTY GOVERNMENT)**

**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
NCRH	Narok County Referral Hospital

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

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

Narok county referral Hospital is a level (4/5) hospital established under gazette notice number 4230 and is domiciled in Narok County under the Health Department. The hospital is governed by a Board of Management.

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

Our mandate is to eliminate communicable conditions, halt and reverse rising burden of NCDs, reduce the burden of violence and injuries, provide essential medical services, minimise exposure to health risk factors, and strengthen collaboration with health-related sectors.

#### **Our mission**

To provide equitable, accessible, affordable, acceptable quality healthcare services to all Kenyans.

#### **Our vision**

A centre of excellence in provision of healthcare services in the South Rift region.

#### **Core objectives**

**i) Client-centred:** The client remains our focus on all decision making

**ii) Professionalism:** We uphold the highest standards and professional ethics as a basis of ensuring our clients  
Get the best possible quality services.

**iii) Teamwork:** We endeavour to promote team spirit and at the same time seek to reward individual effort.

**iv) Integrity:** We uphold honesty and adhere to moral and ethical principles

**v) Environment Friendliness:** We endeavour to provide a safe and friendly physical and social hospital

Environment.

**vi) Equity, inclusivity, and Patriotism:** We strive to ensure our services are within reach of different Socioeconomic segments of the population and seek to deliver equitable health benefits  
In line with our national philosophy.

**vii) Innovation:** In our quest for provision of quality health care, we endeavour to develop new ideas and Technologies through promotion of creativity and learning.

**(c) Key Management**

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

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

**(d) Fiduciary Oversight Arrangements**

**Clinical Research and Standards Committee.**

The purpose of clinical standard committee is to maintain and develop clinical standards and facilitate and stimulate research in the field of rehabilitation medicine.

**Audit committee**

The county has an internal audit committee that oversees a entity financial report, internal control and risk management.

**County Assembly**

The county assembly is responsible for making legislation, budget approval oversight and representing the interest of citizens

**Kenya medical practitioners and dentist council**

The council is responsible for registration and license all medical and dental practitioners and all health facilities.

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

**(e) Entity Headquarters**

P.O. Box 898, Narok  
Headquarter Building  
Mau Narok Road  
NAROK, KENYA

**(f) Entity Contacts**

Telephone: 0713026033  
E-mail: [medsupnarok@yahoo.com](mailto:medsupnarok@yahoo.com)  
Website: [www.go.ke](http://www.go.ke)



(g) **Entity Bankers**  
Kenya Commercial Banks

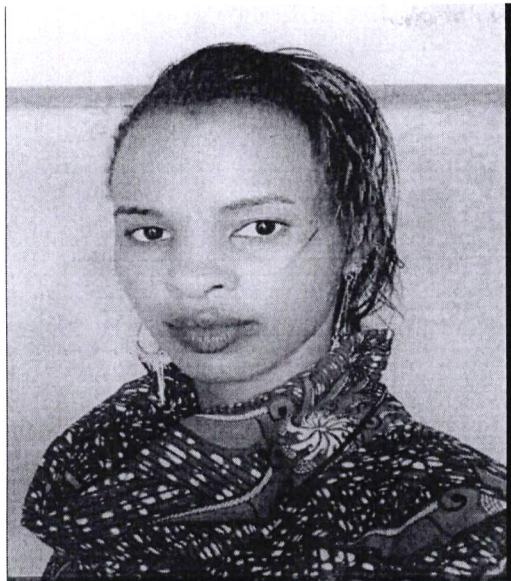

(h) **Independent Auditors**  
  
Auditor General  
Office of Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya




(i) **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200 Nairobi, Kenya

(j) **County Attorney**  
  
ALLAN MEINGATI  
P.O. Box. 11-20500 Narok

**The Board of Management**

Directors	Details
 <p><b>CHAIRMAN</b> <b>Mr ISAAC PERE</b> <b>PROFESSIONAL : BISHOP</b></p>	<p><b>Age :</b> 48 year <b>Qualification:</b> Degree in theology <b>Status :</b> Independent board member <b>Work experience:</b> work as a gospel minister for 20 years.</p>
 <p><b>Ms SALOME NJOROGE</b></p>	<p><b>Work experience:</b> minister of gospel fountain of life church. <b>Status :</b> Independent board member <b>Qualification:</b> diploma in theology <b>Age :</b> 50 years</p>

	<p><b>Status :</b> Independent board member <b>Work experience :</b> music production for 5 years <b>Qualification:</b> <b>Age :</b> 30 years</p>
 <p><b>Mr DANCAN JOHN</b></p>	<p><b>Status :</b> Independent board member <b>Occupation :</b> farmer <b>Age :</b> 38 years</p>

 <p><b>Ms MARION NCHOKO</b> <b>PROFESSIONAL : DIGITAL CREATOR</b></p>	<p><b>Qualification:</b> Diploma in management, economic research.</p> <p><b>Status :</b> Independent board member</p> <p><b>Work experience :</b> member of NCRH Hospital board from 2014 to 2022 ✓</p> <p><b>Age :</b> 28 Years</p>
 <p><b>Mr SITONIC SOLOMON</b></p>	<p><b>Status :</b> Independent board member</p> <p><b>Work experience :</b> working as an it expert in a private company</p> <p><b>Qualification:</b> degree in ICT</p> <p><b>Age :</b> 34 years</p>
 <p><b>Dr. EMEJEN JOHN LOSEPICHO</b></p>	<p><b>Status :</b> NCRH Medical superintendent</p> <p><b>Qualification :</b> masters in medicine ( family physician)</p> <p><b>Work experience :</b> 10 years working with Narok County Government</p> <p><b>Age :</b> 41 years</p>



**Mr *SIMON MASHATI***



**Status :** NCRH Administrator




**Work experience :** 8 year experience working with Narok county government

**Qualification:** Diploma in Health administration

**Age :** 30 years




### 3. Key Management Team

Ref	Management	Details
1.	 <p data-bbox="316 1106 691 1137"><b>Hon. Anthony S. Namunkuk</b></p>	<p data-bbox="992 887 1270 1030">CECM Health And Sanitation <b>NAROK COUNTY GOVERNMENT</b></p>
2.	 <p data-bbox="316 1516 512 1547"><b>Ms. Jane Kiok</b></p>	<p data-bbox="992 1305 1289 1404">Chief Officer – Clinical Services <b>NAROK COUNTY</b></p>

3.	 <b>Ms. Lucy Kashu</b>	Chief Officer-Preventive and Promotive Health Services <b>NAROK COUNTY</b>
4.	 <b>Dr. Francis Kiio</b>	County Director of Health <b>NAROK COUNTY</b>
5.	 <b>DR. Emejjen John Losepicho</b>	NCRH MEDICAL SUPERINTENDENT

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

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6.	 <b>Simon Mashati</b>	NCRH HOSPITAL ADMINISTRATOR
7.	 <b>CPA Kenana Sammy Melita.</b>	FINANCE OFFICER. <b>ICPAK NO : 3183</b>
8.	 <b>Stephen Ketere</b>	NCRH SUPPLY CHAIN OFFICER

#### **4. Chairman's Statement**

It is with great pride and a sense of responsibility that I present this annual report for Narok County Referral Hospital for the fiscal year 2024/2025. This report encapsulates the hospital's achievements, ongoing challenges, and strategic initiatives aimed at improving healthcare delivery to our community.

Over the past year, NCRH has continued to serve a population of over 1.4 million residents, providing essential health services despite significant infrastructural and human resource constraints. Our efforts have focused on expanding specialized services, upgrading facilities, and fostering partnerships with various stakeholders to enhance patient outcomes and operational efficiency.

Throughout the year, we have made notable progress in areas such as service delivery, community engagement, and environmental sustainability. The hospital has successfully implemented several ongoing projects, including the elevation to a Level 5 referral hospital, which positions us as a hub for complex medical cases, training, and research. These developments are critical in meeting the emerging health needs of our community.

However, we acknowledge that challenges remain, notably staff shortages, resource limitations due to delayed capitation payments, and the need to strengthen our risk management framework. The hospital management is actively working on these issues, including the development of a comprehensive risk management protocol and exploring sustainable financing models.

Our collaborative efforts with government agencies, educational institutions, and development partners have been instrumental in advancing our strategic goals. We are committed to integrating environmental, social, and economic sustainability into our operations, as evidenced by initiatives to reduce waste and improve energy efficiency.

In conclusion, I commend the dedication of our staff and partners whose hard work and resilience continue to drive the hospital forward. We remain committed to our mission of providing high-quality healthcare to our community and will persist in our pursuit of excellence, innovation, and sustainability.

I extend my sincere gratitude to all stakeholders, including government officials, development partners, staff, and the community, for their unwavering support and commitment. Together, we will continue to achieve better health outcomes and build a healthier future for Narok County.

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

The Hospital's financial statements were approved by the Board on 12/11/2025 and signed on its behalf by:



.....  
Name **BISHOP ISAAC PERE**

**Chairman to the Board**

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

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## 5. Report of The Medical Superintendent

Narok County Referral Hospital (NCRH), under the auspices of the Narok County Government, has prepared this non-financial report for the FY 2024/2025, outlining its strategic initiatives, operational performance, and sustainability efforts. The hospital's overarching goal is to enhance patient care, improve operational efficiency, and promote community health through the expansion of specialized services, technological integration, and community-based programs. Serving a catchment population of over 1.4 million, NCRH faces significant infrastructural challenges, including a 305-bed deficit and critical human resource shortages, notably over 600 nurses and 59 consultants. Despite these constraints, the hospital recorded substantial service delivery, with outpatient attendances reaching 101,829 and inpatient cases totalling 10,255 in the reporting period.

Financially, the hospital's main revenue sources include user fees, capitation from social health authorities, government grants, and development partners, totalling Ksh 442.5 million. Expenditure focused heavily on medical supplies, equipment, staff training, and infrastructural improvements. Ongoing projects aim to elevate NCRH to a Level 5 referral hospital status, enhance infection prevention, and upgrade facilities, ensuring sustainability and quality care.

The hospital is actively developing a comprehensive risk management framework and fostering partnerships with government agencies, educational institutions, and development organizations. Environmental sustainability measures have been implemented, including waste segregation and reduction strategies, amidst macroeconomic challenges such as fluctuating government funding and rising healthcare costs.

Overall, NCRH is committed to delivering high-quality healthcare, strengthening its operational capacity, and integrating sustainability principles into its long-term strategic plan, despite facing resource limitations and staffing gaps. Continuous improvement, stakeholder collaboration, and community engagement remain central to its mission of improving health outcomes for the population it serves.

  
.....  
Name **DR. Emajen John Losepicho**

Secretary to the Board



## 6. Statement of Performance Against Predetermined Objectives

### HOSPITAL STRATEGY PILLARS, STRATEGIC OBJECTIVES, OUTCOMES AND KEY PERFORMANCE INDICATORS

#### 1.0 Introduction

#### 1.1 Vision Statement, Mission Statement, and Core Values

##### MISSION

To provide equitable, accessible, affordable, acceptable quality healthcare services to all Kenyans.

##### VISION

A centre of excellence in provision of healthcare services in the South Rift region.

##### CORE VALUES

- i) Client-centred:** The client remains our focus on all decision making
- ii) Professionalism:** We uphold the highest standards and professional ethics as a basis of ensuring our clients get the best possible quality services.
- iii) Teamwork:** We endeavour to promote team spirit and at the same time seek to reward individual effort.
- iv) Integrity:** We uphold honesty and adhere to moral and ethical principles
- v) Environment Friendliness:** We endeavour to provide a safe and friendly physical and social hospital Environment.
- vi) Equity, inclusivity, and Patriotism:** We strive to ensure our services are within reach of different socioeconomic segments of the population and seek to deliver equitable health benefits in line with our national philosophy.
- vii) Innovation:** In our quest for provision of quality health care, we endeavour to develop new ideas and technologies through promotion of creativity and learning.

The Narok County Referral Hospital strategic plan main objective is to ensure universal access to quality health services consisting of Promotive, preventive, curative, and rehabilitative services to all people in the county. Guided by the core vision and mission of the hospital, the leadership working together with partners has identified strategic interventions to help the hospital realize attainment of its vision. The strategic component is further detailed within the three core programme areas identified and explained

#### Key Result Areas/Strategic Focus Areas

Narok County Referral Hospital has adopted a programme-based approach with clearly defined strategies, interventions with clearly defined objectives, outcomes, and key performance indicators. The strategic pillars seek to deliver critical outcomes under each programme area. Table 17 below shows the key programmatic areas and critical service delivery support systems to be invested on to realize the overall goal

**Health Service Strategic Focus Areas Outcomes and Objective.**

<b>Health Services Strategic Focus Area</b>	<b>Focus Area Outcome and Objective</b>	<b>Service Delivery Support Systems</b>
<b>Program 1 : Promotive and Preventive Health Services</b>	Program Outcome: Reduced incidences of preventable Diseases and mortality in the county. Program Objective : To Reduce Incidences of Preventable Diseases and Mortality in the County	1. Health Governance, Leadership & Management 2. Health 3. Human Resources for Health
<b>Program 2 : Curative and Rehabilitative Health Services</b>	Program Outcome: Reduced suffering and mortality and improved quality of life of individuals, households And communities. Program Objective: To Reduce Incidences of Mortality and Improve Quality of Life of Individuals, Households and Community.	4. Health Products and Technologies 5. Health Information Systems, 6. Health Financing
<b>Program 3 : General Administration, Planning, Management Support and Coordination, Research and Development</b>	Program Outcome: Improved support for service Delivery units. Program Objective: To Improve Service Delivery by Providing Supportive Functions to Implementing Units Under the Health Services Department	7. Monitoring and Evaluation, Research and Development

## **7. Corporate Governance Statement**

The Health Facility Management Team shall oversee the overall management of the health facility with collaboration from the Health Facility Management Committee.

### **1. Composition of the health facility management committee**

(1) The Health Facility Management Committee shall consist of not less than seven and not more than nine members appointed by the county executive committee member as follows—

- (a) the in-charge of the health facility, who shall be *ex officio* and the Secretary to the Committee;
- (b) the Sub-county Medical Officer of Health or their representative;
- (c) a village representative;
- (d) one person, who is a resident of the area, nominated by a joint forum of women's organizations in the area;
- (e) one person, who is a resident of the area, nominated by a joint forum of youth organizations in the area;
- (f) one person, who is a resident of the area, nominated by a joint forum of faith-based organizations; and
- (g) two people representing the interest of the vulnerable and marginalized communities, one of whom shall be a person with disability.

(2) The Chairperson of the Committee shall be elected from amongst the members of the Committee.

(3) In constituting the Committee, the county executive committee member shall ensure that—

- (a) at least one third of the total membership of the Committee shall be from the opposite gender;
- (b) the membership includes persons from marginalized communities; and

- (c) The interests of diverse groups in the catchment area are represented.

## **2. Role of the Health Facility Management committee**

The Health Facility Management Committee shall, in relation to the Improvement Financing—

- (a) consider and submit for approval to the chief officer the annual facility work plan and budget;
- (b) consider and submit for approval to the chief officer the facility quarterly budgets;
- (c) ensure the quarterly implementation plans and budgets are based on available resources;
- (d) monitor the utilization of facility improvement financing and take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds;
- (e) ensure all financial procedures and reporting requirements are met by the facility in-charges and conform to the Public Finance Management Regulations;

- (g) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act (No. 33 of 2015);
- (h) ensure public awareness on administration of the facility improvement financing through public participation during annual planning and budgeting;
- (i) receive the audit report and initiate response to management queries;
- (j) implement the recommendations of the Auditor-General made pursuant to section 31(3)(a) of the Public Audit Act (No. 34 of 2015);
- (k) implement the recommendations of the Senate and the respective county assembly on the, relevant report of the Auditor-General;
- (l) implement the relevant recommendations of the Controller of Budget on the facility; and
- (m) act as liaison between the health center or dispensary and the community to strengthen delivery of quality health services.

### **3. Term and conditions of appointment**

(1) The appointments of the members to the Board and Committee in this Part shall be in such a manner that the respective expiry of their terms shall fall at different dates.

(2) The members referred to in subsection (1) shall be appointed for a term of three years and shall be eligible for reappointment for one further term of three years.

(3) .The board remuneration shall be according with the SRC CIRCULAR relating to remuneration.

(4) Apon appointed as committee member, the members shall undergo induction and development training.

## 8 Management Discussion and Analysis

### Clinical/operational performance

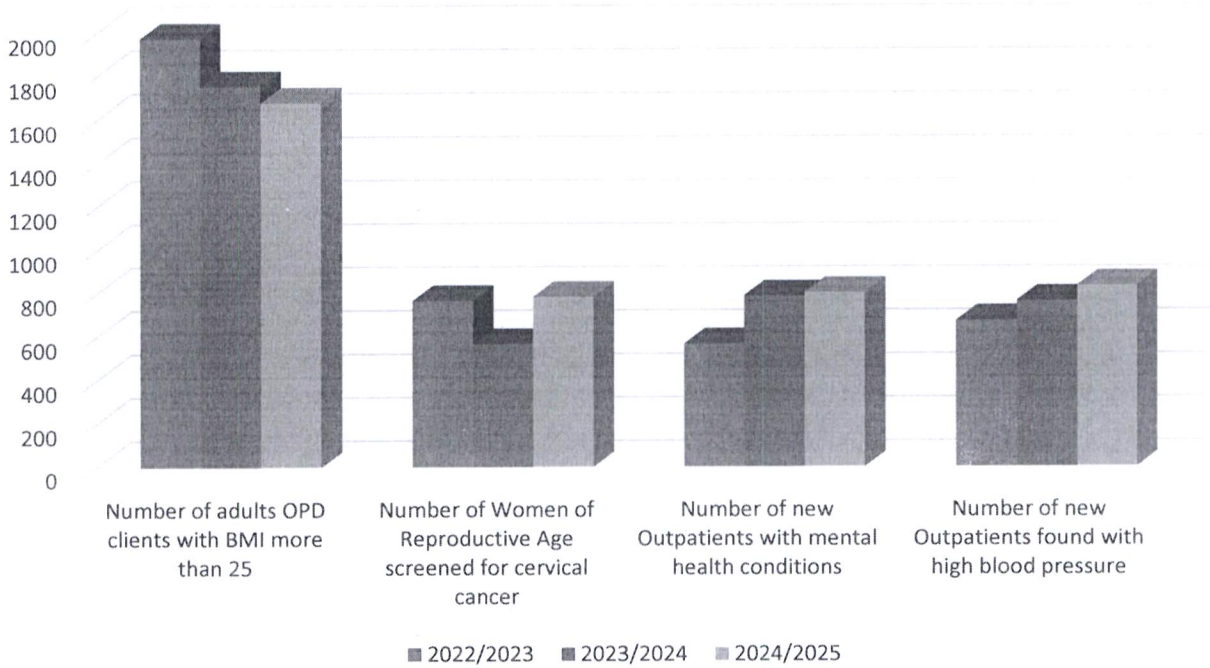
#### Hospital indicator performance from 2022/2023-2024/2025

#### Eliminate communicable conditions

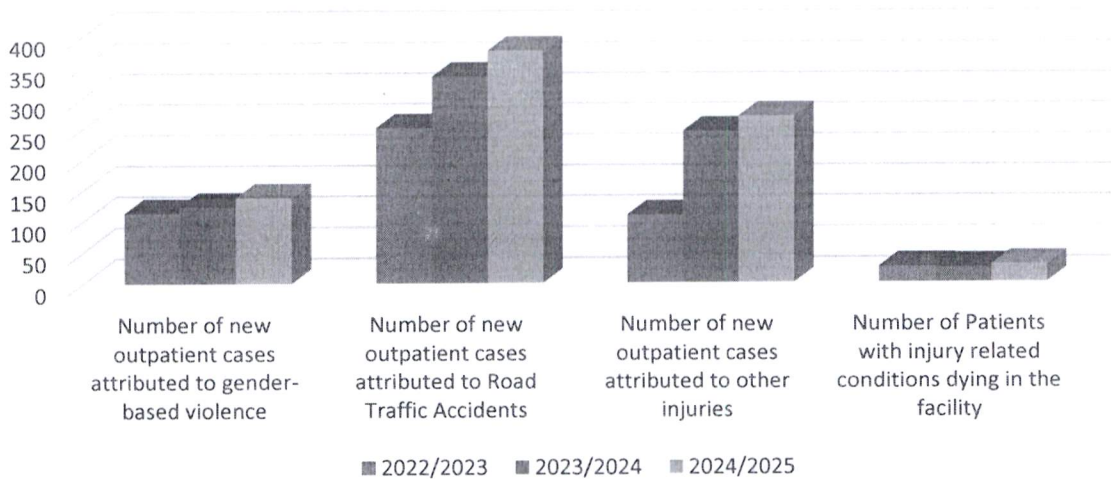
■ performance 2022/2023    ■ performance 2023/2024    ■ performance 2024/2025

NUMBER OF SCHOOL AGE CHILDREN DE-WORMED	17899	18777	16891
NUMBER OF UNDER FIVE YEARS TREATED FOR...	1230	1122	1460
NUMBER OF ELIGIBLE HIV CLIENTS ON ARVS	1897	2322	2345
NUMBER OF NEWLY DIAGNOSED TB CASES	156	243	186
NUMBER OF TB PATIENTS TESTED FOR HIV	240	456	578
NUMBER OF TB PATIENTS COMPLETING TREATMENT	240	158	340
NUMBER OF PREGNANT WOMEN DISTRIBUTED WITH...	897	768	976
CHILDREN UNDER 1 DISTRIBUTED WITH LONG...	2587	2513	2507
CHILDREN UNDER 1 YEAR OF AGE FULLY IMMUNIZED	213	256	215
HIV+ PREGNANT MOTHERS RECEIVING PREVENTIVE...	248	298	331

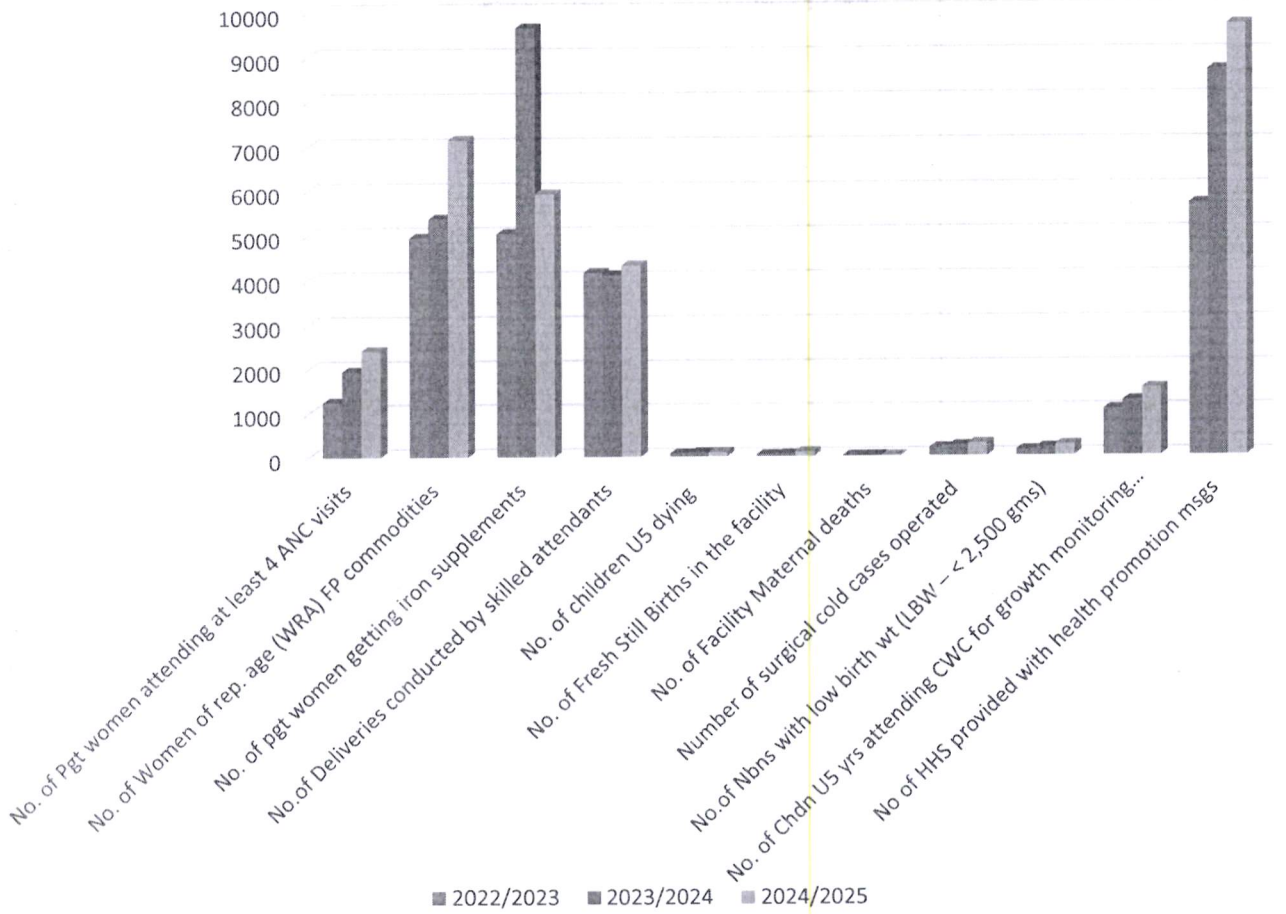
**Halt, and reverse increase in Non-Communicable Conditions**

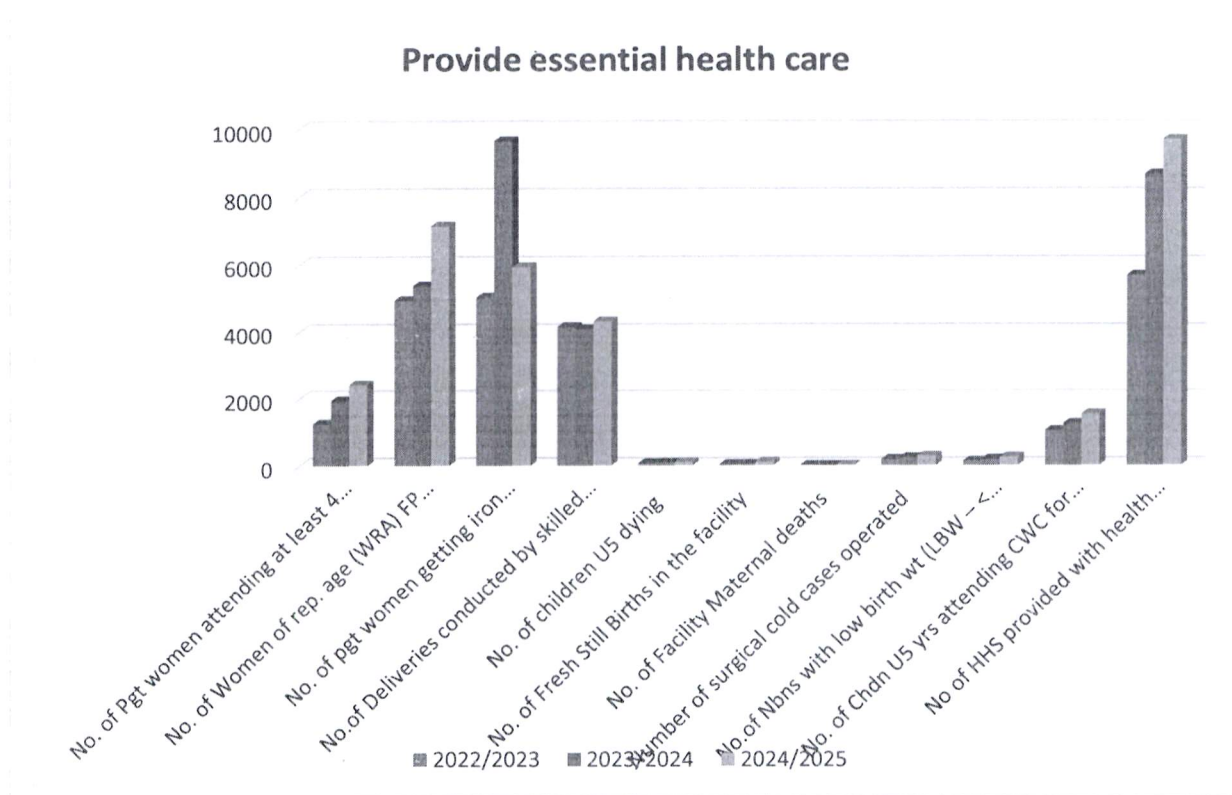


**Reduce the burden of violence and injuries**

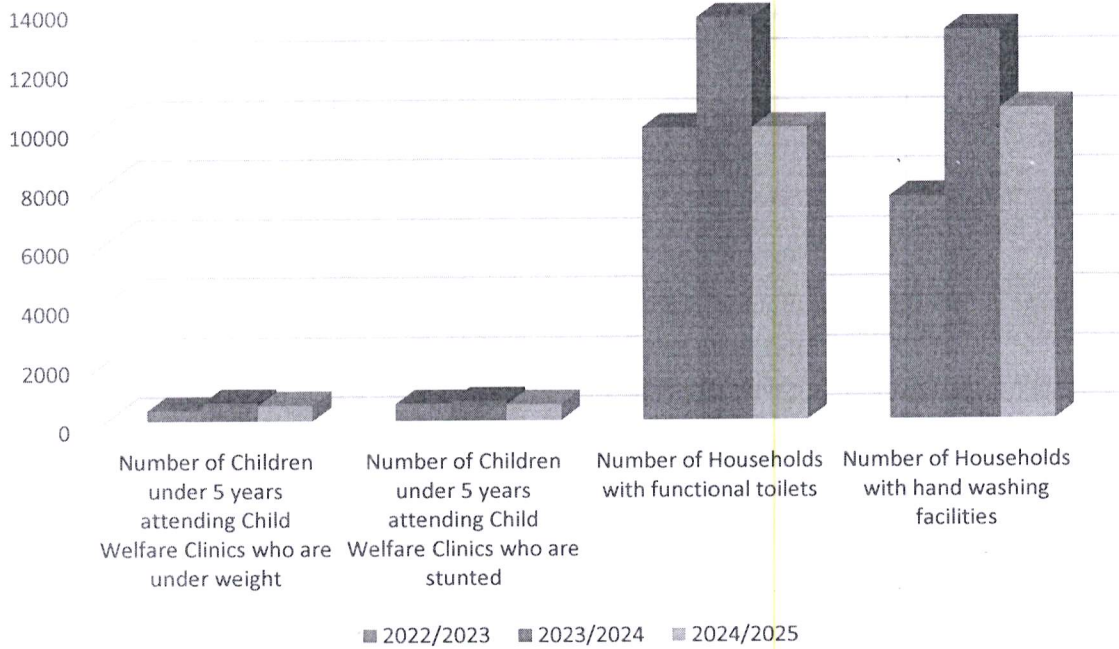


**Provide essential health care**

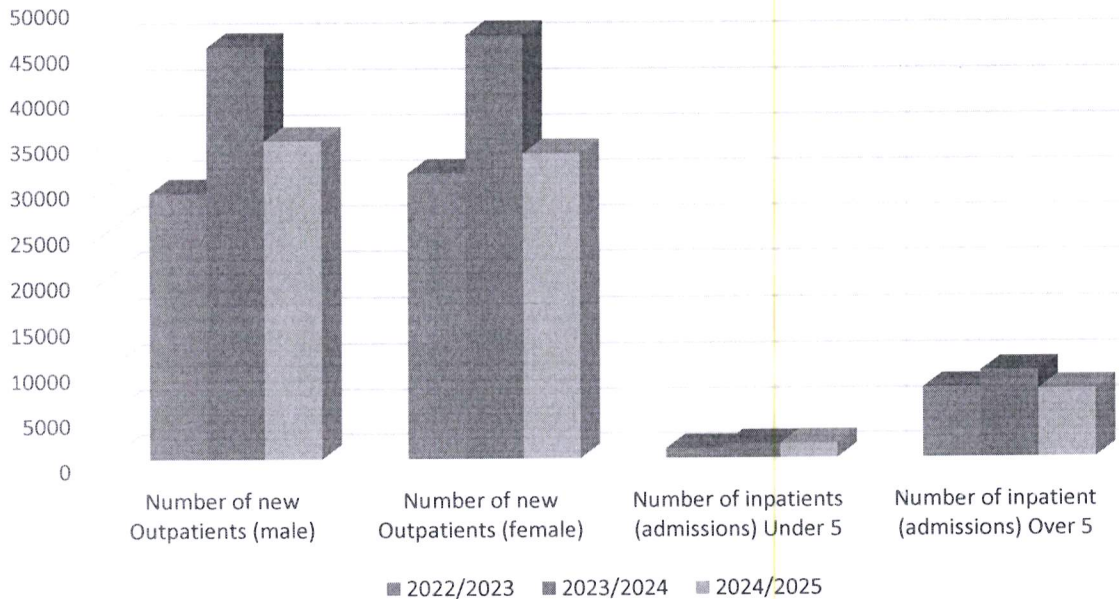


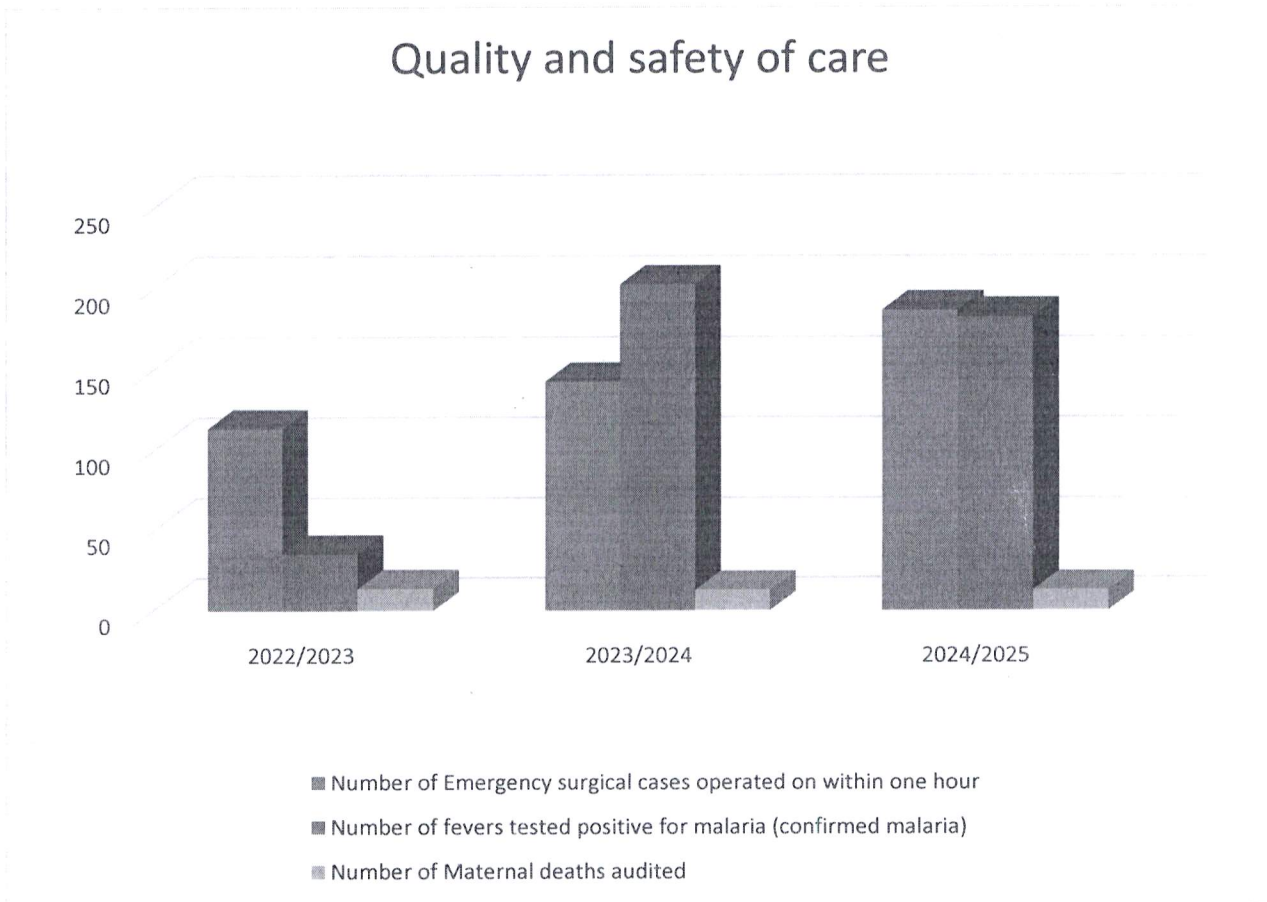


**Strengthen collaboration with health related sectors**

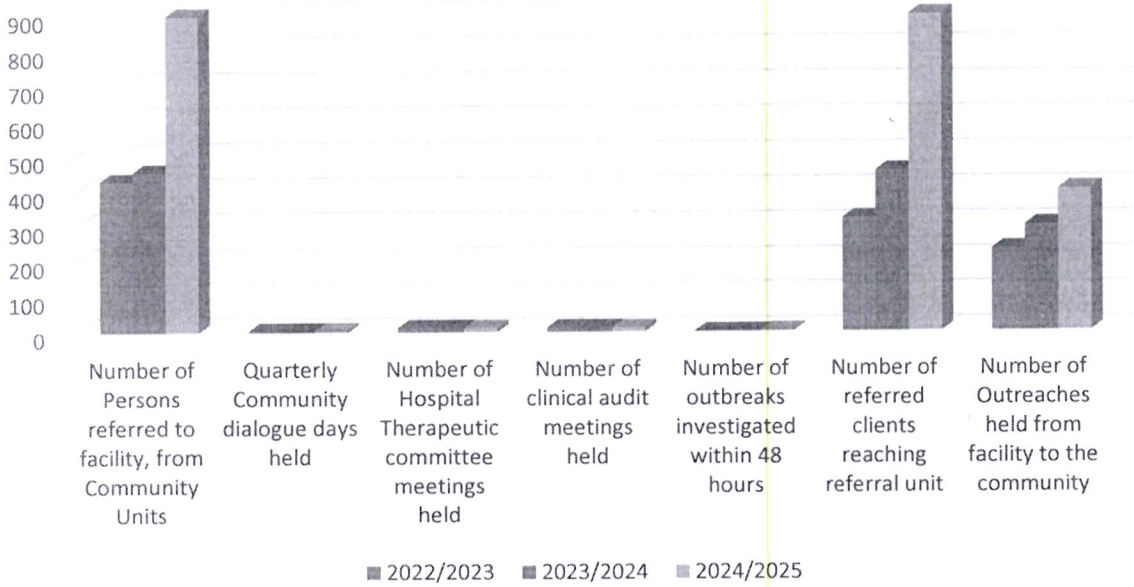


**Access**

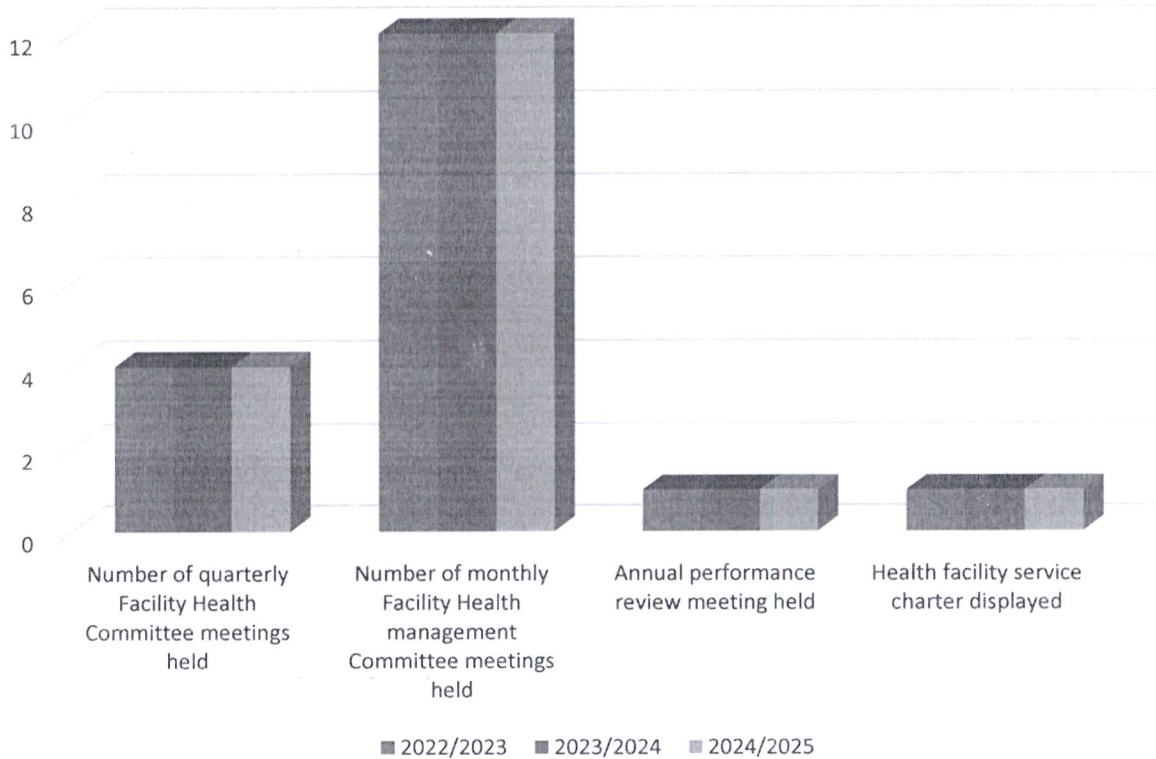




**Efficient service delivery system that maximizes health outcomes (Including Community Unit indicators).**

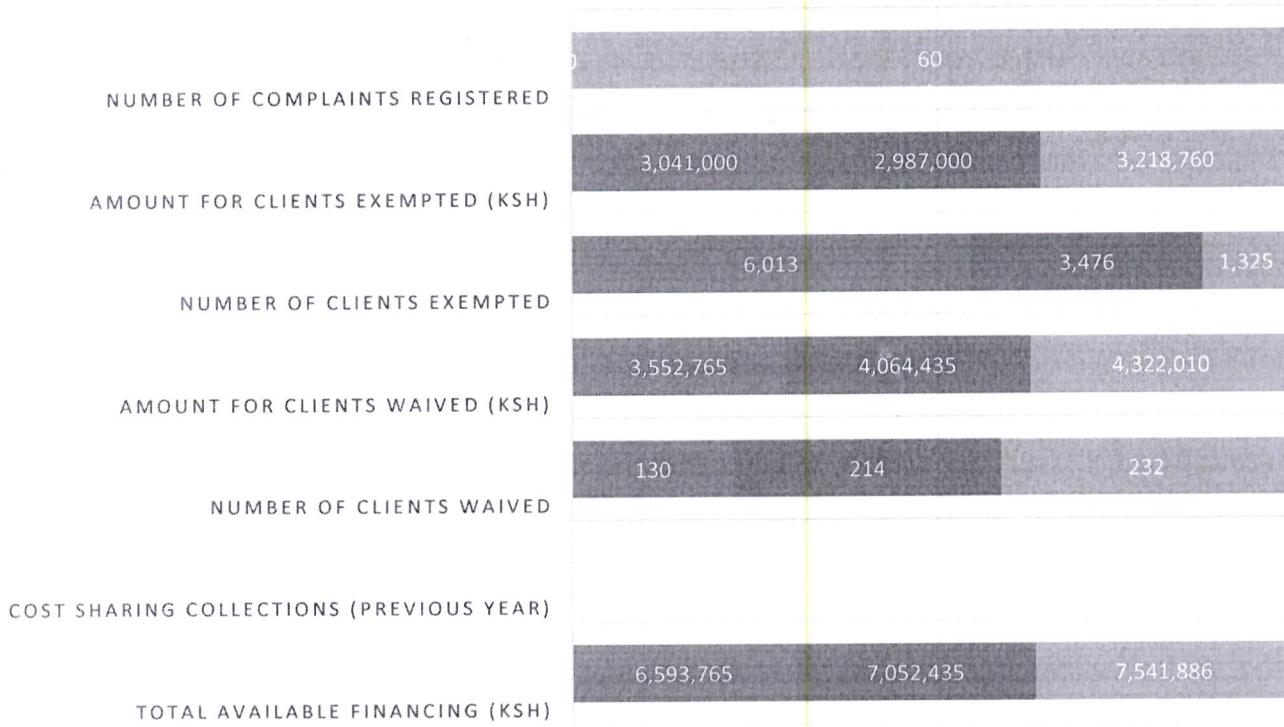


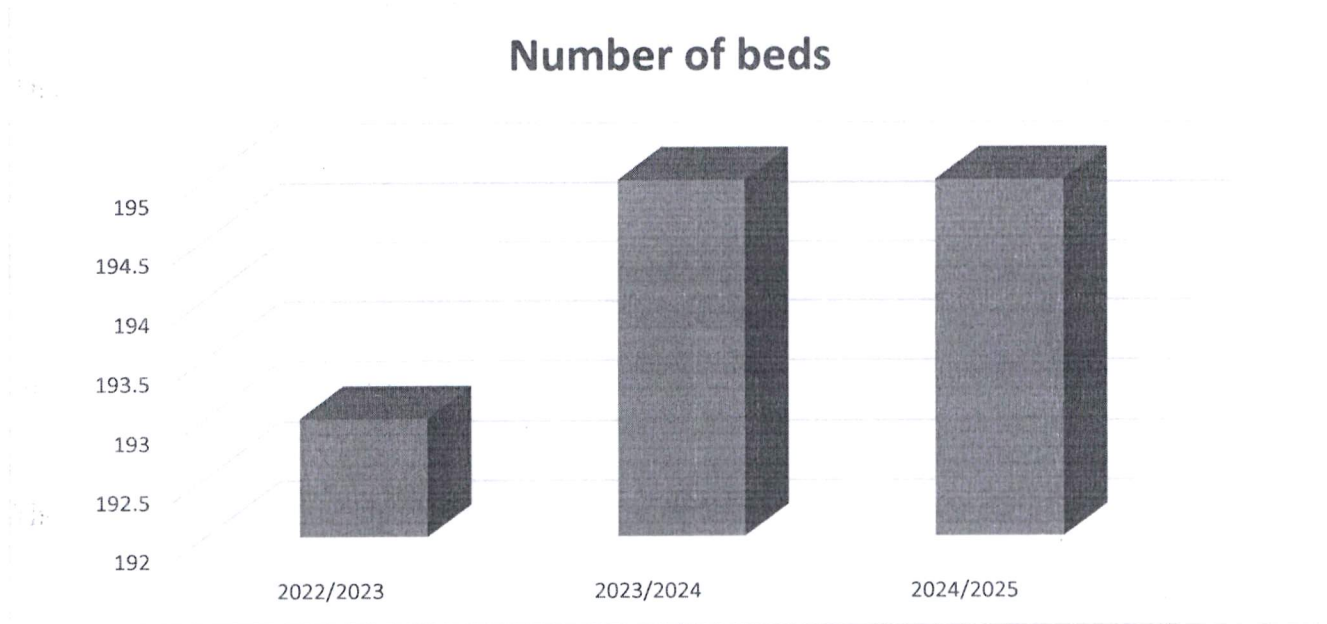
**Comprehensive leadership that delivers on the health agenda.**



**ADEQUATE FINANCES MOBILIZED, ALLOCATED AND UTILIZED, WITH SOCIAL AND FINANCIAL RISK PROTECTION ASSURED.**

■ 2022/2023 ■ 2023/2024 ■ 2024/2025





***Financial performance that includes: -***

**Revenue sources:**

The main hospital sources of revenue are

- a) Facility improvement fund or user fee, capitation from the social health authority. This covers medical treatments, procedures, consultations and other inpatient and outpatient services.
- b) Government funding through grants and subsidies
- c) Development partners

## 9 Environmental And Sustainability Reporting

Two-to-three pages)

### i) Sustainability strategy and profile

Project	Justification	Implementation status	Source funds	Sustainability strategy
Narok county referral Hospital into a level 5 Hospital	Provision of specialized care and serve as a hub for complex medical cases, training and development of health workforce as well as research to improve patient outcomes in view of emerging and increasing community needs.	≥90%	County government of Narok	To ensure long term financial stability, reduce environmental footprints and improve patient care, the hospital is in the process of integrating environmental, social and economic strategies in its operations as well as implementation of monitoring and evaluation principles.
Narok Kenya medical training college	To help in meeting patient care needs, and improve healthcare outcomes. It will develop skilled healthcare professionals, drive innovation to improve patient care.	≥95%	Narok county government	Integrating environmental, social and economic sustainability strategies as well as academic sustainability in its operations will ensure reduction in environmental footprints, promote social responsibility and ensure long term financial viability.
Renovation of ward three	To improve patient outcomes	100%	Facility improvement fund	Incorporation of environmental, social and economic measures to

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

	towards the hospital mission of providing high quality care.			reduce environmental impact, improve patient care and achieve long term cost savings.
Renovation of the facility sewer line	Infection prevention control and improved operational efficiency	100%	Facility improvement fund	Incorporation of environmental, social and economic measures to reduce environmental impact, improve patient care and achieve long term cost savings.

**i) Environmental performance**

The following are the measures the hospital has put in place to minimize environmental footprints; The healthcare waste in the hospital is segregated at the source into categories; infectious, non-infectious, hazardous and non-hazardous. This is done by use of color-coded bins.

The waste is stored in a designated area using leak-proof containers and proper labelling. The waste is then disposed by incineration for sharps and open burning for other non-hazardous and non-infectious wastes.

Compliance with legislation and regulation

The hospital has put in place measures to comply with environmental regulations. These measures include: regulations governing air emissions to ensure air quality within the hospital, medical waste incineration and chemical use.

The hospital has also put measures in place to ensure compliance with regulations governing waste water discharge including medical waste, chemicals and sanitary sewage.

The hospital has also put in place measures to ensure compliance with regulations governing handling, storage, treatment and disposal of hazardous and non-hazardous waste.

The hospital also complied with the occupation, health and safety regulations in work place including those related to hazardous materials handling and employee safety.

These laws include: environmental management and coordination act (EMCA 1999) laws of Kenya, public health act cap 242 laws of Kenya, water act 2002 laws of Kenya, Kenya health act 2017, occupational health and safety act.

Energy consumption: the hospital has installed LED lighting in some areas. The hospital is in the process of installing HVAC (Heating, ventilation and air conditioning system in the new hospital wing. Key energy intensive areas include: operating theatres, diagnostic centers (lab and radiology department). Intensive care unit and renal. Moving forward the hospital will be exploring a more efficient energy saving practices and technologies to reduce energy consumption, lower cost and promote sustainability.

Efforts towards sustainable water usage to reduce wastage: the hospital is using water efficient equipment; steam sterilizers, use od sanitizers in the service delivery areas to reduce water consumption, regular inspection and repair of leaking pipelines and fittings to reduce or prevent water wastage

**ii) Employee welfare**

Employee engagement is crucial for the success of the hospital. It improves patient care, reduces turnover rates and increases productivity. The hospital has ensured this by;

- i. Encouraging open communication and providing regular feedbacks
- ii. Providing opportunities for professional development and growth by releasing staff to pursue further studies.
- iii. Performance appraisals. Going through mid-year and annual individual staff performance during their Performance review sessions
- iv. Training and development programs
- v. The hospital is in the process of conducting bi-annual work environment Surveys to get employee feedback
- vi. In compliance with the occupation safety and health act 2007, the hospital management team in collaboration with the directorate of occupation health and safety have trained employees on their rights and the hospital registered as a workplace for the purpose of compensation claims.
- vii. The hospital has complied with the requirement of mainstreaming including gender inclusivity and ethnic diversification within its workforce.

**iii) Market place practices-**

- a). Measures taken by the hospital to safeguard and protect patient rights and interests
  - i. Obtaining informed consent from patients before treatment or procedures after ensuring that they understand the risks, benefits and alternatives.
  - ii. Protecting patient confidentiality and privacy by adhering to data protection policies and procedures
  - iii. Provides patients with clear information about their diagnosis, treatment, options and care plans.
  - iv. The hospital management team has constituted an inspection and acceptance committee which inspects all the supplies to ensure compliance to specifications and standards.
- b). The hospital has put in place several measures to ensure proper relations with suppliers. These include;
  - i. Regularly evaluating suppliers to ensure they meet hospital standards and expectations
  - ii. Invested time and efforts within the supply chain department to engage with suppliers to foster trust and understanding.
  - iii. Established a process of resolving conflicts or disputes with suppliers in a fair and timely manner.
  - iv. Supplier education and information sharing to help them improve on their performance and meet hospital needs.
- c). The hospital has put several measures in place to ensure uninterrupted supply chain. These includes:

- i. Inventory management: this involves implementation of effective inventory management practices such as tracking inventory levels, monitoring usage and maintaining safety stocks.
  - ii. Fostered communication and collaboration with suppliers, logistics providers and internal stakeholders to ensure smooth operations.
  - iii. Conducting regular audits and reviews of supply chain to identify areas for improvement and ensure compliance with regulations.
  - iv. The hospital has put in place mechanisms of carefully selecting and identifying suppliers based on their reliability, quality, and delivery performance.
- d). The hospital has put in place measures to ensure ethically sourced products as follows;
- i. Ensuring transparency in procurement practices and holding suppliers accountable for meeting ethical standards.
  - ii. Engaging with stakeholders including suppliers, staff and patients to raise awareness about the importance of ethically sourced products.
  - iii. Identifying potential risks within the supply chain and opportunities for improvement.
  - iv. Conducting regular supplier audits to ensure compliance with the code of conduct that outlines expectations for ethical practices.

Corporate social responsibility/community engagement:

The hospital has practiced corporate social responsibility and community engagement through a number of ways.

- i. Involvement of the hospital medical social work department in identification of the marginalized vulnerable persons seeking healthcare and who can't afford to pay the hospital tariffs. Those cases have been enrolled for waiver services.
- ii. Provision of 24/7 emergency evacuation and referrals with no charges
- iii. Community outreaches through the community health units linked to the hospital in pursuit of universal health coverage.

## **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 to enhance patient care, optimize operations and promote community health through expanded specialized services technology integration, administrative reforms and community – based initiatives. The key programs are curative and rehabilitative health services, preventive and promotive health services, and general administration.

### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 60

### **Board of Management**

The members of the Board who served during the year are shown on Table 3 (viii, ix, x xi). During the year, nil director(s) retired/ resigned, and 6 director (s) were appointed with effect from 21/1/2025 date.

### **Auditors**

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

By Order of the Board

.....  
Name **Simon Mashati**  
Secretary to the Board



## 10 Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Narok county referral Hospital, which give a true and fair view of the state of affairs of the *NCRH* at the end AT 30<sup>TH</sup> JUNE 2025. The Board of Management is also required to ensure that the *NCRH* keeps proper accounting records which disclose with reasonable accuracy the financial position of *NCRH*. The council members are also responsible for safeguarding the assets of the *entity*.

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

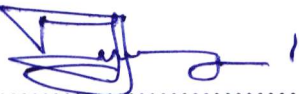
The Board of Management accepts responsibility for the *NCRH* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that the *NCRH* financial statements give a true and fair view of the state of *NCRH* transactions during the financial year ended June 30, 2025, and of the *NCRH* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *NCRH*, which have been relied upon in the preparation of the *NCRH* 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 *NCRH* 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 12/11/2025 and signed on its behalf by:



.....  
**Name: Bishop Isaac Pere**  
**Chairperson**  
**Board of Management**



.....  
**Name: DR. Emejen John Losepicho**  
**Accounting Officer**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NAROK COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAROK

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Narok County Referral Hospital set out on pages 1 to 74, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Narok County Referral Level 4 Hospital – County Government of Narok as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Variances Between the Financial Statements and Notes**

Comparison between the statement of financial position and the notes to financial statements reflects the following errors and inconsistencies;

<b>Item</b>	<b>Note</b>	<b>Financial statements Amount (Kshs)</b>	<b>Notes Amount (Kshs)</b>	<b>Variance (Kshs)</b>
Inventories Comparative Balance	31	33,496,630	29,045,880	4,450,750
Property, plant and Equipment Comparative balance	32	1,608,145	1,838,099	(229,954)
Intangible Assets Comparative balance	33	9,740,000	7,792,000	1,948,000
Intangible Assets Current Balance	33	6,618,000	5,844,000	974,000
Trade and Other Payables Comparative Balance	36	6,418,208	7,227,794	(809,586)

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **2. Misstatement of In-Kind Contributions from the County Government**

The statement of financial performance reflects in-kind contributions from County Government amount of Kshs.570,235,770 as disclosed in Note 7 to the financial statements which related to expenditure incurred by the County Government on behalf of the Hospital. Review of records and the payment details, revealed that the Department of Health in the County Government made payments totalling Kshs.82,461,528 in the year resulting in an unexplained variance of Kshs.99,498,041.

In the circumstances, the accuracy and completeness of the in-kind contributions from the County Government amounting to Kshs.99,498,041 could not be confirmed.

### **3. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.6,738,144 as disclosed in Note 32 to the financial statements. However, Management did not disclose the value of the land on which the Hospital stands, the buildings and the motor vehicles owned and operated by the Hospital.

Further, Management did not maintain assets register to support the values of the held fixed assets. In addition, the assets handing over report from the County Government to the Hospital was not provided for audit verification.

Similarly, the ownership documents in relation to the Hospital's assets were not provided for audit verification and the assets were not tagged and therefore it was not possible to confirm that the assets are owned by the Hospital.

Review of the asset movement schedule revealed that there was no provision for depreciation and impairment charge for the year contrary to note e of the summary of significant accounting policies. Further, a laptop valued at Kshs.200,000 which was purchased during the year was not disclosed in the asset movement schedule.

In the circumstances, the accuracy, existence, valuation, ownership and completeness of the property, plant and equipment balance of Kshs.6,738,144 could not be confirmed.

### **4. Unconfirmed Intangible Assets Balance**

The statement of financial position reflects intangible assets balance of Kshs.6,818,000. and amortization charge for the year amount of Kshs.974,000 as disclosed in Note 33 to the financial statements. However, no disclosure was made in the financial statements as to the useful life of the assets. Further, it was observed that the Hospital does not have an amortization policy to apply on its intangible assets and therefore it was not possible to confirm whether the amortization charge for the year.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.6,818,000 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects a final receipt budget and actual on comparable basis amounts of Kshs.572,220,074 and Kshs.132,177,941

respectively resulting to under-funding of Kshs.440,042,133 or 77% of the budget. Further, the Hospital spent an amount of Kshs.108,679,983 against actual receipts of Kshs.132,177,941 resulting to under-utilization of Kshs.23,497,959 or 18% of the actual receipts.

The under-funding and under- utilization affected the activities and may impacted negative on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following nineteen (19) issues remained unresolved:

<b>No</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported In-Kind Contribution from County Government
2	2023/2024	Unexplained Variance on Transfer from Other Government Entities
3	2023/2024	Irregular Payment of Board of Management Allowances
4	2023/2024	Unsupported Repair and Maintenance Expenses
5	2023/2024	Unsupported Accounts Receivable Balances
6	2023/2024	Unsupported Refundable Deposits
7	2023/2024	Unsupported Cash and Cash Equivalent
8	2023/2024	Failure to Disclose Amortization for Intangible Assets
9	2023/2024	Budgetary Control and Performance
10	2023/2024	Errors In Presentation of Financial Statements
11	2023/2024	Failure to Operationalize County Healthcare Service Improvement Fund
12	2023/2024	Non-Compliance with the Law on Ethnic Composition
13	2023/2024	Deficiencies in Implementation of Universal Health Care (UHC)
14	2023/2024	Lack of a Functional Hospital Board of Management
15	2023/2024	Failure to Dispose Unserviceable Assets
16	2023/2024	Lack of Approved Data Backup and Recovery Plans
17	2023/2024	Lack of an Approved Strategic Plan
18	2023/2024	Lack of Fraud Management Policy
19	2023/2024	Long Outstanding Trade and Other Payables

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Submission of Quarterly Financial Reports**

During the year under review the Hospital did not submit the quarterly financial statements as provided for in the law. This was contrary to Section 166 (1) and (3) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity; and not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury.

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

#### **2. Non-Compliance with Requirements on Universal Health Care (UHC)**

Review of the Hospital operations and records in the year ending 30 June, 2025 revealed that the health facility is operating contrary to the Kenya Quality Model for Health Checklist

designed for level 4 hospitals. The following deficiencies were identified in the implementation of the Universal Health Care Programme:

- i. The Hospital lacked key healthcare workers including anesthesiologists, gynecologists and pediatricians against the standard operational requirement of a level 4 hospital.
- ii. Further, the Hospital did not have functional chemotherapy department and do not have the standard required number of the delivery coaches and baby cots in the delivery rooms and maternity rooms. In addition, the Hospital does not have advanced support unit.
- iii. The Hospital has three (3) operational High Dependency Unit (HDU) against the required six (6) for level 4 hospital
- iv. The Hospital land is approximately fourteen (14) acres. However, the land has not been surveyed and valued and title deed not registered in the facility's name as required of a level 4 hospital.
- v. The Hospital has six (6) medical officers against the required sixteen (16) for a level 4 hospital.
- vi. The Hospital does not have an operational ambulance
- vii. The Hospital does not have a functional Hospital Board which is a requirement for a level 5

These deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. Further this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

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

### **3. Non-Compliance with Law on Recruitment of Staff Living with Disabilities**

Review of the Human Resources records revealed that the Hospital does not have any employee living with disabilities. This was contrary to Section B.23 (1) of the Human Resource Policies and Procedures Manual for the Public Service, May, 2016 which states that persons with disability shall be accorded equal employment opportunities provided they have the necessary qualifications and are suitable for such employment. Further, sub-section 2 states that the Government shall implement the principle that at least five (5) percent of all appointments shall be for persons with disabilities.

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

### **4. Failure to Reserve 30% of Procurement Contracts to Special Groups**

The Hospital Management had not allocated any procurement opportunities to special interest's groups as directed by Executive Order No.2 of 2018 since evidence of award of contracts to special groups was not provided for audit verification.

In the circumstances, Management was in breach of the Regulations and Government Policy.

## **5. Failure to Implement E-Procurement System**

During the year under review, the Hospital Management did not fully implement E- Procurement nor complied with all the requirements of the Executive Order No. 2 of 2018. It was noted that tenders were maintained and publicized on Hospital's website and bids could be submitted through the same website. This was contrary to the Executive Order No. 2 of 2018 which requires the Hospital to maintain and continuously update, through the websites of e-Citizen, Public Procurement Regulatory Authority platforms, public notice boards and/or official government publications a complete information of all tenders, and that the Hospital updates and publicize a separate comprehensive list of all registered suppliers, contractors and consultants in the various specific categories of goods, works and/or services pre-qualified to its procurement needs and consolidated and published the information above by 15 day of every subsequent month, outlining the tender and supplier data for the previous month.

In the circumstances, Management was in breach of the Regulations and Government Policy.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unconfirmed Imprest Balance**

Review of information and documentation provided for audit reflects various members of staff were issued with temporary imprests in the period under audit. However, the imprest levels have not been determined for either standing or temporary imprest in line with specific purposes for which the imprests is to be applied.

In the circumstances, the Hospital has not instituted control measures on the amount of standing or temporary imprest to be issued to mitigate misuse of the facility.

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

The statement of financial position reflects trade and other payables balance of Kshs.4,998,772 as disclosed in Note 36 to the financial statements. Review of the aging analysis provided for audit verification revealed that a balance of Kshs.4,199,772 had been outstanding for more than one (1) year. No satisfactory reason was provided by Management on why the payables balance has not been cleared as required.

In the circumstances, the Hospital may incur additional and unnecessary costs of interest and penalties related to the continued delay in settlement of the long outstanding payables.

## **3. Lack of Fraud Management Policies and Risk Management Strategies**

During the year under review, the Hospital did not have a Fraud Management Policy to assist in detecting and preventing fraud. Further, Management did not have a Risk Management Policy or strategy and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015.

In addition, it was observed that the Hospital lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Management did not perform formal risk assessments during the financial year.

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

## **4. Lack of Approved Data Backup and Recovery Plans**

Review of the Hospital's Information Technology (IT) environment and systems revealed that it uses a Management Information System (MIS) software in recording revenue generated from various sources. However, it was observed that the system is not backed up to secure the revenue data. In addition, the Hospital does not have approved data backup and recovery procedures.

In the circumstances, Management may not be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.

## **5. Lack of an Internal Audit Function and Audit Committee**

During the year under review, the Hospital had not established an audit committee and did not have an internal audit function in place. Management had also failed to rely on the

internal audit department of the County Executive since there was no evidence to indicate that the Hospital had been audited by the internal audit department of the County Executive.

In the circumstances, Management may not have mechanisms to assess the effectiveness of internal controls, risk management and overall governance of the Hospital.

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

### **Responsibilities of Management and the Board of Management**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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

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

**Nairobi**

**03 December, 2025**

*Narok County Referral Hospital (Narok County Government)*  
*Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

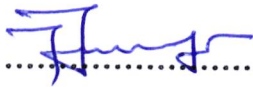
Description	Note	FY-2024-2025	FY-2023-2025
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	00	00
In-kind contributions from the County Government	7	570,235,770	1,808,161,307
Grants from donors and development partners	8	5,089,330	4,159,500
Transfers from other Government entities	9	00	802,300
Public contributions and donations	10	00	00
		<b>575,325,100.00</b>	<b>1,813,123,107</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	47,022,167	115,941,836
Miscellaneous Income	14	00	355,027.10
<b>Revenue from exchange transactions</b>		<b>47,022,167</b>	<b>116,296,863.10</b>
<b>Total revenue</b>		<b>622,347,267.00</b>	<b>1,929,419,970.10</b>
<b>Expenses</b>			
Medical/Clinical costs	15	47,613,591	34,986,018
In-kind contributions from the County Government	7	570,235,770	1,808,161,307
Employee costs	16	10,745,000	9,279,760
Board of Management Expenses	17	195,000	994,000
Depreciation and amortization expense	18	974,000	974,000
Repairs and maintenance	19	6,139,440	5,983,980
Grants and subsidies	20	00	00
General expenses	21	43,861,555.00	47,143,599
Finance costs	22	125,397	125,280
<b>Total expenses</b>		<b>679,889,753</b>	<b>1,907,647,944</b>
<b>Other gains/(losses)</b>			

***11 Report of the Independent Auditor (Narok county Referral Hospital)***

*Narok County Referral Hospital (Narok County Government)  
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Note	FY-2024-2025	FY-2023-2025
		Kshs	Kshs
Medical services contracts Gains/Losses	25	78,266,602	(3,315,818)
<b>Total other gains/(losses)</b>		<b>78,266,602</b>	<b>(3,315,818)</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>20,724,116.00</b>	<b>19,430,208.10</b>

The Hospital's financial statements were approved by the Board on 12/11/2025 and signed on its behalf by:



Chairman  
Board of Management




Head of Finance  
ICPAK No:31833



Medical Superintendent

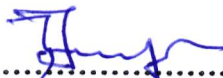
**13 Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	FY-2024-2025	FY-2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	6,627,215.85	8,850,497.45
Prepayments	28		
Receivables from exchange transactions	29	25,589,560	17,899,000
Receivables from non-exchange transactions	30	00	00
Inventories	31	103,025,215.15	33,496,630
<b>Total Current Assets</b>		<b>135,241,991</b>	<b>60,246,127.45</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	6,738,144	1,608,145
Intangible assets	33	6,818,000	9,740,000
cctv			229,950
Investment property	34	00	00
Biological Assets	35		
<b>Total Non-current Assets</b>		<b>13,556,144</b>	<b>11,578,095</b>
<b>Total assets (A)</b>		<b>148,798,135</b>	<b>71,824,222.45</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	4,998,772	6,418,208
Refundable deposits from Patients/Prepayments	37	347,000	1,781,935
Provisions	38	00	00
Finance lease obligation	39	00	00
Current portion of deferred income	40	99,498,041.16	00
Current portion of borrowings	41	00	00
<b>Total Current Liabilities</b>		<b>104,843,813</b>	<b>8,200,143</b>
<b>Non-current liabilities</b>			
Provisions	38	00	00
Non-Current Finance lease obligation	39	00	00
Non-Current portion of deferred income	40	00	00
Non - Current portion of borrowings	41	00	00
Service concession Arrangements	42	00	00


**Narok County Referral Hospital (Narok County Government)**  
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Description	Note	FY-2024-2025	FY-2023-2024
		Kshs	Kshs
Total non-current liabilities		00	00
<b>Total Liabilities (B)</b>		<b>104,843,813</b>	<b>8,200,143</b>
<b>Net assets (A-B)</b>		<b>43,954,322</b>	<b>61,726,082.45</b>
<b>Represented by:</b>			
Revaluation reserve		00	00
Accumulated surplus/Deficit		<b>40,154,324</b>	<b>19,430,208.10</b>
Capital Fund		3,799,998	00
<b>Net Assets</b>		<b>43,954,322</b>	<b>22,518,308.10</b>

The Hospital's financial statements were approved by the Board on 12/11/2025 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
**ICPAK No:31833**

  
 .....  
**Medical Superintendent**

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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023 (previous year)</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	19,430,208.10	-	19,430,208.10
Capital/Development grants	-	-	00	00
<b>As at June 30, 2024 (previous year)</b>	<b>00</b>	<b>19,430,208.10</b>	<b>00</b>	<b>19,430,208.10</b>
<b>At July 1, 2024 (current year)</b>	<b>00</b>	<b>19,430,208.10</b>	<b>00</b>	<b>19,430,208.10</b>
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	20,724,116	3,799,998	24,523,614
Capital/Development grants	-	-	00	00
<b>At June 30, 2025 (current year)</b>	<b>00</b>	<b>40,154,324</b>	<b>3,799,998</b>	<b>43,953,822</b>

*(Note:*

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

15 Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY-2024-2025	FY-2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	5	00	00
Transfer from other government entities	6	00	802,300
Grants from donors and development partners	10	5,089,330.45	4,159,500
Rendering of services- Medical Service Income	11	47,022,167	115,941,836
SHA and NHIF	25	78,266,602	-
Miscellaneous receipts( <i>specify</i> )	14	00	355,027.10
<b>Total Receipts</b>		<b>130,378,099.45</b>	<b>121,258,663.10</b>
<b>Payments</b>			
Medical/Clinical costs	15	47,613,591	34,986,018
Employee costs	16	10,745,000	9,279,760
Board of Management Expenses	17	195,000	994,000
Repairs and maintenance	19	6,139,440	5,983,980
General expenses	21	43,861,555.50	47,143,599
Finance costs	22	125,397	125,280
Refunds paid out		00	00
Waiver and exemption		-	3,315,818
<b>Total Payments</b>		<b>108,679,984</b>	<b>101,828,455</b>
<b>Net cash flows from operating activities</b>	43	<b>21,698,115.45</b>	<b>19,430,205.10</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	32	(4,099,998)	(1,608,148 )
Purchase of intangible assets		(00)	(9,740,000)
Proceeds from the sale of PPE		00	00
Acquisition of investments		(00)	(00)
<b>Net cash flows used in investing activities</b>		<b>(4,099,998)</b>	<b>(11,348,148)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		00	00
Repayment of borrowings		(00)	(00)
Capital grants received		00	00
<b>Net cash flows used in financing activities</b>		<b>(00)</b>	<b>(00)</b>

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<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,598,117.45</b>	<b>8,082,060</b>
Cash and cash equivalents as at 1 July	27	<b>8,850,497</b>	<b>14,860,296.45</b>
<b>Cash and cash equivalents as at 30 June</b>	27	<b>26,448,614.445</b>	<b>8,850,497.45</b>

16 Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	0%
<b>Receipts</b>						
Transfers from the County Government	379,166,000	00	379,166,000	00	379,166,000	00%
Grants from donors and development partners	33,900,000	00	33,900,000	5,089,330	28,810,670	15%
Rendering of services- Medical Service Income/SHA/NHIF	159,154,074	00	159,154,074	127,088,611	32,065,483	79.8%
<b>Total receipts</b>	<b>572,220,074</b>	<b>00</b>	<b>572,220,074</b>	<b>132,177,941</b>	<b>440,042,133</b>	<b>23.0%</b>
<b>Payments</b>						
Medical/Clinical costs	315,670,000	00	315,670,000	47,613,591	303,472,516	15.08%
Employee costs	17,994,000	00	17,994,000	10,745,000	7,249,000	59.71%
Remuneration of directors	1,704,000	00	1,704,000	195,000	1,508,500	11.47%
Repairs and maintenance	31,896,000	00	31,896,000	6,139,440	25,756,560	19.25%
General expenses	61,200,000	00	61,200,000	43,861,555	17,396,539	71.5%
Finance costs	00	00	00	125,397	0	0%
<b>Total Operational Expenditure paid</b>	<b>428,464,000</b>	<b>00</b>	<b>428,464,000</b>	<b>108,679,983</b>	<b>355,383,115</b>	

<b>Capital Expenditure paid</b>	<b>31,896,000</b>	<b>00</b>	<b>31,896,000</b>	<b>4,099,998</b>	<b>28,046,002</b>	<b>15.3 %</b>
<b>Surplus</b>	<b>111,860,074</b>	<b>00</b>	<b>111,860,074</b>	<b>19,397,960</b>	<b>128,249,577</b>	<b>12.0 2%</b>

### Budget Reconciliation

	Description of Particulars	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	<b>19,397,960</b>
2	The statement of budget and actual amount reflects a final receipt budget and actual on comparable basis of Kshs. 572,220,074 and Kshs. 132,177,941 resulting to underfunding of Kshs. 440,042,133 or 77% of the budget. These variance were as a result of low return on non-exchange transaction from the County government and grants from development partners in form of donation or allocation in addition low return on exchange transaction was observed during the period , these was because of low pay-out by SHA , hence result to underfunding of 77%.	
3	The statement reflects final expenditure budget and actual on comparable basis of Kshs. 460,360,000 and Kshs. 108,622,389 respectively resulting to an under expenditure of Kshs. 351,737,611 or 76%	

	of the budget. These variance was as a result of low amount of revenue raise from exchange and non-exchange transaction as anticipated in the budget.	
4	Budget for Medical and Clinical cost from Kshs.40, 000,000 in 2023-2024 to Kshs. 315,670,000 in the financial year under review resulting to more than 100% budget increase. The increase in budget of medical cost is as a result of high number of patient in our facility compared to previous years especially after other health providers facility around do not accept the use of SHA, forcing patient to look for alternative facility with SHA services which happen to be our facility, other reason includes high cost of non-pharmaceutical and pharmaceutical, increase in number of health workers and medical student that use our facility as a training organization. These factors have result in the increase of medical cost budget compared to other years before.	
5	Budget for Repairs and Maintenance from kshs.6, 000,000 in the prior year to Kshs. 31,896,000 in the year under review resulting into more than 100% increase in the budget. Our budget of repairs and maintenance were as a result of routine check since the machine are used at full capacity because of high level of test and check-up which comes with high level turn out of patients. Routine maintenance prevents breakdown that could affect services provision.	
6	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>6,627,215.85</b>

## 17 Notes to the Financial Statements

### 1. General Information

Narok county referral hospital is established by and derives its authority and accountability from FIF Act. The entity is wholly owned by the Narok County Government and is domiciled in Narok County in Kenya. The entity's principal activity is to provide health care.

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

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

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

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

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 48- Transfer Expenses	<i>Applicable 1<sup>st</sup> January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1<sup>st</sup> January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

*iii) Early adoption of standards*

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**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 *Entity* 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**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024-2025 was approved by Board on . 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 *entity* recorded additional appropriations of on the FY budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

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

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

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

#### **Trade and other receivables**

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

#### **Impairment**

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

entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

**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, 20XX.

**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**

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

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	00	00
Level 4/5 grants	00	00
Unconditional development grants	00	00
Other grants ( <i>specify</i> )	00	00
	00	00
<b>Conditional grants</b>	<b>00</b>	<b>00</b>
User fee forgone	00	00
Transforming health services for Universal care project (THUCP)	00	00
DANIDA	00	00
Wards Development grant	00	00
Paediatric block grant	00	00
Administration block grant	00	00
Laboratory grant	00	00
<b>Total government grants and subsidies</b>	<b>00</b>	<b>00</b>

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
xx County Government	00	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	28,676,725.16	11,369,710
KEMSA	00	41,326,710
Radiology items	9,820,500	00
Salary and wages	487,774,512.00	1,655,260,716
Renal items	6,461,700	00
Laboratory items	5,883,352.84	00
electricity	00	14,400,000
water	00	16,000,000
Dental items	1,794,000	00
Food and ratio	16,420,500	32,400,000
ambulance	00	12,000,000
Casual salaries	00	204,000
Security ( falcon asset protection )	13,404,480	25,200,000
<b>Total grants in kind</b>	<b>570,235,770.00</b>	<b>1,808,161,307</b>

**8. Grants From Donors and Development Partners**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Fistula foundation	5,089,330.45	4,159,500
<b>Total grants from development partners</b>	<b>5,089,330.45</b>	<b>4,159,500</b>

*(Provide brief explanation for this revenue)*

**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
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	KShs	KShs	KShs	KShs	KShs
Fistula foundation	5,089,330.45	00	00	5,089,330.45	4,159,500
<b>Total</b>	<b>5,089,330.45</b>	<b>00</b>	<b>00</b>	<b>5,089,330.45</b>	<b>4,159,500</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Transfer from National Government (PUBLIC HEALTH)	00	802,300
<b>Total Transfers</b>	<b>00</b>	<b>802,300</b>

10. Public Contributions and Donations

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	00	00
Other donations( <i>specify</i> )	00	00
Donations in kind-amortised	00	00
<b>Total donations and sponsorships</b>	<b>00</b>	<b>00</b>

*Note; the hospital has an agreement with fistula foundation for the treatment of fistula patients, the hospital receive payment from the organisation per annual.*

10 (a) Reconciliations of amortised grants

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>00</b>	<b>00</b>
Current year receipts	5,089,330.45	4,159,500
Amortised and transferred to revenue	5,089,330.45	4,159,500
<b>Conditions to be met – remain liabilities</b>	<b>00</b>	<b>00</b>

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Pharmaceuticals and Non pharmaceutical	1,210,686	3,363,884
Laboratory	8,512,900	5,572,700
Consultation services	187,000	173,500
Records revenue	3,089,800	2,925,600
Radiology	7,894,200	10,820,800
Occupation therapy revenue	81,600	89,400
Counselling revenue	13,800	15,200
Orthopedic and Trauma Technology	115,200	460,700
Mental health	8,000	8,300
Medical social worker	4400	6,100
Icu revenue	733,600	736,500
Physiotherapy revenue	402,600	233,500
Diabetic revenue	29,400	23,500
Wards revenue	11,187,700	14,075,800
Eye clinic	355,100	432,300
Renal unit	2600	3,298,610
Theatre	1,071,400	1,206,500
Accident and Emergency Service	398,300	00
Ear Nose and Throat service	19,000	6,600
Nutrition service	200	100.00
Public health	2600	4000
Family planning	1600	5,000.00
Dental services	542,100	319,200
Reproductive health	30,800	14,800
Farewell home services	962,400	885,500
Other medical services income	700	400.00
Accrued income	10,164,881	
<b>Total revenue from the rendering of services</b>	<b>47,022,167</b>	<b>43,77,794</b>

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

**12. Revenue From Rent of Facilities**

<b>Description</b>	<b>FY-2024-2025</b>	<b>FY-2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Residential property	00	00
Commercial property	00	00
<b>Total Revenue from rent of facilities</b>	<b>00</b>	<b>00</b>

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

<b>Description</b>	<b>FY-2024-2025</b>	<b>FY-2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest income from Cash investments and fixed deposits	00	00
Interest income from short- term/ current deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
<b>Total finance income</b>	<b>00</b>	<b>00</b>

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

<b>Description</b>	<b>FY-2024-2025</b>	<b>FY-2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Insurance recoveries		
<b>Total</b>	<b>00</b>	<b>00</b>

*(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).*

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

**15. Medical/ Clinical Costs**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Dental costs/ materials	601,500.00	729,400
Laboratory chemicals and reagents	3,411,400	683,250
Public health activities	346,500.00	881,800
Food and Ration	220,500.00	3,120,635
Dressing and Non-Pharmaceuticals and pharmaceutical	20,722,866.00	13,514,135
Renal items	2,109,600.00	00
Health information stationery	6,229,000.00	4,880,000
Sanitary services	570,000.00	360,000.00
Blood drive	438,725	00
ENT	514,000.00	00
Radiology reporting	800,000.00	96,600
Fistula activities	4,802,000.00	8,118,095
Sanitary and cleansing Materials	3,750,000	120,000.00
Purchase of Medical gases	1,700,000.00	682,600
X-Ray/Radiology supplies	1,397,500	1,218,500
<b>Total medical/ clinical costs</b>	<b>47,613,591</b>	<b>34,405,015</b>

**16. Employee Costs**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	10,745,000.00	9,279,760
<b>Employee costs</b>	<b>10,745,000.00</b>	<b>9,279,760</b>

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

**17. Board of Management Expenses**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Chairman's Honoraria	16,000	00
Sitting allowance	70,000	00
Lunch	16,000	00
Travel and accommodation allowance	64,000	00
Airtime allowances	29,000	994,000
<b>Total</b>	<b>195,000</b>	<b>994,000</b>

**18. Depreciation and Amortization Expense**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Property, plant and equipment	00	00
Intangible assets	974,000	1,948,000
Investment property carried at cost	00	00
<b>Total depreciation and amortization</b>	<b>974,000</b>	<b>1,948,000</b>

**19. Repairs And Maintenance**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Property- Buildings	2,419,000.00	5,603,980
Medical equipment	2,712,440.00	00
Computers and accessories	850,000	00
Motor vehicle expenses	158,000	00
<b>Total repairs and maintenance</b>	<b>6,139,440.00</b>	<b>5,603,980</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Community development and social work	00	00
Education initiatives and programs	00	00
Free/ subsidised medical camp	00	00
Disability programs	00	00
Free cancer screening	00	00
Social benefit expenses	00	00
Other grants and subsidies( <i>specify</i> )	00	00
<b>Total grants and subsidies</b>	<b>00</b>	<b>00</b>

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Catering expenses	1,022,500.00	600,000
Contracted Cleaning services	19,173,840.00	13,139,040
Airtime	153,000	00
Preventive and promotive	<b>11,780,000.00</b>	00
Hospital operation	1,840,000.00	12,541,600
Nhif refunds	347,000	5,458,876
Internet /networking	334,000.00	834,080
Fuel and lubricant	5,100,000.00	5,550,000
Disposal of bodies	360,000.00	00
Printing and stationery	3,100,000.00	750,000
Security services	306,000.00	00
Staff training and development	345,215	00
<b>Total General Expenses</b>	<b>43,861,555.00</b>	<b>46,305,396</b>

**22. Finance Costs**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Bank charges	125,397	125,280
<b>Total finance costs</b>	<b>125,397</b>	<b>125,280</b>

*(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

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

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Other assets not capitalised ( <i>specify</i> )	00	00
<b>Total gain on sale of assets</b>	<b>00</b>	<b>00</b>

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

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Investments at fair value	00	00
<b>Total gain</b>	<b>00</b>	<b>00</b>

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

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

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF	27,101,846.50	00
Non- Comprehensive contracts care with SHA	52,964,597.50	00
Waivers and Exemptions	(1,799,842)	(3,315,818)
<b>Total Gain/Loss</b>	<b>78,266,602</b>	<b>(3,315,818)</b>

**26. Impairment Loss**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Investments	00	00
<b>Total impairment loss</b>	<b>00</b>	<b>00</b>

**27. Cash And Cash Equivalentents**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Current accounts	6,627,215.85	8,850,497
<b>Total cash and cash equivalentents</b>	<b>6,627,215.85</b>	<b>8,850,497</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

Notes to the Financial Statements (Continued)

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

Description		FY-2024-2025	FY-2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1159646554	6,474,480.40	5,254,190.45
Kenya Commercial bank	1159595607	152,480.40	3,596,306
<b>Sub- total</b>		<b>6,627,215.85</b>	<b>8,850,497</b>
<b>Grand total</b>		<b>6,627,215.85</b>	<b>8,850,497</b>

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

28. Prepayments

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Insurance	00	00
Rent	00	00
Water	00	00
Internet	00	00
Others specify	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**29. Receivables From Exchange Transactions**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Medical services receivables	25,589,560	17,899,000
<b>Total receivables</b>	<b>25,589,560</b>	<b>17,899,000</b>

*(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)*

**Analysis of Receivables From Exchange Transactions**

Description	FY-2024-2025		FY-2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	25,589,560	100%	00	00%
Between 1- 2 years	00	00%	17,899,000	100%
Between 2-3 years	00	009%	00	00%
Over 3 years	00	00%	00	00%
<b>Total (a+b)</b>	<b>25,589,560</b>	<b>100%</b>	<b>17,899,000</b>	<b>100%</b>

**30. Receivables From Non-Exchange Transactions**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Transfers from the County Government	00	00
Undisbursed donor funds	00	00
Other debtors ( <i>non-exchange transactions</i> )	00	00
Less: impairment allowance	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

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

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

**31. Inventories**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Pharmaceutical and non-pharmaceutical supplies	49,399,591	13,849,075
Food supplies	420,500.00	3,120,635
Dental items	2,395,500	729,400
Medical gas	7,662,104.15	682,600
Maintenance supplies	730,000	482,420
Ct scan items	1842,000.00	00
Renal items	19,846,500.00	00
stationeries	3,100,000.00	750,000
Radiology items	8,258,000.00	1,218,500
Medical records	3,958,620.00	4,880,000
Laboratory reagents	1,148,400.00	533,250

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Cleaning materials supplies	3,750,000.00	2,800,000
ENT	514,000.00	00
<b>Total</b>	<b>103,025,215.15</b>	<b>29,045,880</b>

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**Detailed disclosure on inventories**

	<b>FY-2024-2025</b>	<b>FY-2023-2024</b>
Opening balance	<b>29,045,880</b>	00
Additional Inventory in the year	<b>102,249,215</b>	00
Inventory expensed in the year	00	00
Write-downs in the year	00	00
Others specify	00	00
Closing balance	<b>131,295,095</b>	00

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Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Total
	Kshs	x% Kshs	x% Kshs	x% Kshs	x% Kshs	x% Kshs	Kshs
<b>Cost</b>							
<b>As at 1/7/2023</b>	00	00	00	00	229,950	1,608,145	1,838,095
Additions during the year	00	00	00	00	00	00	00
Disposals during the year	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfers/adjustments during the year	(00)	(00)	(00)	(00)	(00)	(00)	(00)
<b>As at 30 June 2024</b>	00	00	00	00	229,950	1,608,145	1,838,095
<b>As at 1/7/2024</b>	1	1	1	50,000	229,950	1,608,145	1,888,098
Additions during the period	00	00	00	00	300,000	4,599,996	4,899,996
Disposals during the period	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustments during the period	(00)	(00)	(00)	(00)	(00)	(00)	(00)
<b>As 30 June 2025</b>	1	1	1	50,000	529,950	6,208,141	6,738,144

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipme nt	Plant and medical equipment	Total
		x%	x%	x%	x%	x%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Depreciation and impairment</b>							
As at 1/7/2023	00	00	00	00	00	00	00
Depreciation for the year	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Impairment	(00)	(00)	(00)	(00)	(00)	(00)	(00)
<b>As As at 30 June 2024</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
As at As at 1/7/2024	00	00	00	00	00	00	00
Depreciation for the period	00	00	00	00	00	00	00
Disposals for the period	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Impairment for the period	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustment during the period	00	00	-	00	-	-	(00)
<b>As at As 30 June 2025)</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Net book values</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>50,000</b>	<b>529,950</b>	<b>6,208,141</b>	<b>6,738,144</b>
As at As at 30 June 2024 prior year audited	00	00	00	0	229,950	1,608,145	1,838,099
As at As 30 June 2025	1	1	1	50,000	529,950	6,208,141	6,738,144

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipme nt	Plant and medical equipment	Total
		x%	x%	x%	x%	x%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs

Note: Two renal machine were acquired at a cost of ksh 2,299,998 per machine totalling to ksh. 4,599,996. The full value of the machine have been disclose in PPE Schedule above under plant and medical equipment and the partial payment of ksh 3,799,998 was made for the machine as disclosed in the support schedule with a pending bill of ksh. 799,999. Other additional asset acquired during include one printer and a laptop at a cost of 50,000 and 250,000 respectively, as shown on the PPE schedule under ICT Equipment column.

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	<b>7,792,000</b>	<b>8,766,000</b>
Additions	00	00
Additions–Internal development	00	00
Disposal	(00)	(00)
<b>At end of the period</b>	<b>7,792,000</b>	<b>8,766,000</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	<b>2,922,000</b>	<b>974,000</b>
Amortization for the period	974,000	974,000
Impairment loss	00	00
<b>At end of the period</b>	<b>3,896,000</b>	<b>1,948,000</b>
<b>NBV</b>	<b>5,844,000</b>	<b>7,792,000</b>

The intangible asset is amortize at a rate of 10% per annual. (974,000 ksh), this asset has been in use for the last four year. (Amort... 974,000 \*4 = 3,896,000) as shown in the support schedule, it has a NBV 5,844,000 ksh

34. Investment Property

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
<b>At beginning of the year</b>	00	00
Additions	00	00
Disposals during the year	00	00
Fair value gain	00	00
Depreciation ( <i>where investment property is at cost</i> )	00	00
Impairment	00	00
<b>At end of the year</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

36. Trade and other Payables

Description	FY-2024-2025		FY-2023-2024	
	KShs		KShs	
Trade payables	4,998,772		7,227,794	
<b>Total trade and other payables</b>	<b>4,998,772</b>		<b>7,227,794</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	799,000	15.9%	00	%
1-2 years	212,050	4.2%	7,227,794	100%
2-3 years	2,736,222	54.7%	00	%
Over 3 years	1,251,500	25.0%	00	%
<b>Total</b>	<b>4,998,772</b>	<b>100%</b>	<b>7,227,794</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	FY-2024-2025		FY-2023-2024	
	KShs		KShs	
Medical fees paid in advance	00		xxx	
Credit facility deposit	00		xxx	
Rent deposits	00		xxx	
Others ( <i>specify</i> )	347,000		1,781,935	
<b>Total deposits</b>	<b>347,000</b>		<b>1,781,935</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	347,000	100%	1,781,935	100%
1-2 years	00	%	00	%

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2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>347,000</b>	<b>100%</b>	<b>1,781,935</b>	<b>100%</b>

**38. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additional Provisions	00	00	00	00
Provision utilised	00	00	00	00
Change due to discount & time value for money	00	00	00	00
<b>Total provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
	00	00	00	00
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
<b>Total Provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

**39. Finance Lease Obligation**

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**40. Deferred Income**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Current Portion	99,498,041.16	00
Non-Current Portion	00	00
<b>Total</b>	<b>99,498,041.16</b>	<b>00</b>

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

Description	Narok county government	International funders/donors	Public contributions and donations	Total
Balance b/f	00	00	00	00
Additions during the year	99,498,041.16	00	00	00
Transfers to Capital fund	00	00	00	00
Transfers to statement of financial performance	00	00	00	00
Other transfers ( <i>Specify</i> )	00	00	00	00
<b>Balance C/F</b>	<b>99,498,041.16</b>	<b>00</b>	<b>00</b>	<b>00</b>

41. Borrowings

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	00	00
Repayments of domestic borrowings during the year	00	00
<b>Balance at end of the period</b>	<b>00</b>	<b>00</b>

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

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

*(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

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

**42. Service Concession Arrangements**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	00	00
Net carrying amount	00	00
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	00	00
Service concession liability at end of the year	00	00

**43. Cash Generated from Operations**

Description	FY-2024-2025	FY-2023-2024
	KShs	KShs
Surplus for the year before tax	<b>20,724,116.5</b>	<b>19,430,208.10</b>
<b>Adjusted for:</b>		
Depreciation	974,000	974,000
Non-cash grants received	00	00
Impairment	00	00
Gains and losses on disposal of assets	00	00
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
<b>Working Capital adjustments</b>	00	00
Increase in inventory	00	00
Increase in receivables	00	00
Increase in deferred income	00	00
Increase in payables	00	00
Increase in payments received in advance	00	00
<b>Net cash flow from operating activities</b>	<b>21,698,116</b>	<b>19,430,208.10</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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Description	Total amount	Fully performing	Pas t due	Impaire d
	Kshs	Kshs	Ksh s	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	17,899,000	17,899,000	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	8,850,496.45	8,850,496.45	00	00
<b>Total</b>	<b>26,749,496.45</b>	<b>26,749,496.45</b>	<b>00</b>	<b>00</b>
At 30 June 2025 (current year)				
Receivables from exchange transactions	25,589,560	25,589,560	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	6,627,215.85	6,627,215.85	00	00
<b>Total</b>	<b>32,216,775.85</b>	<b>32,216,775.85</b>	<b>00</b>	<b>00</b>

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	00	00	7,227,794	7,227,794
<b>Total</b>	<b>00</b>	<b>00</b>	<b>7,227,794</b>	<b>7,227,794</b>
<b>At 30 June 2025</b>				
Trade payables	00	00	4,998,772	4,998,772
<b>Total</b>	<b>00</b>	<b>00</b>	<b>4,998,772</b>	<b>4,998,772</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2025</b>			
Financial assets (investments, cash, debtors)	00	00	<b>00</b>
Liabilities	00	00	<b>00</b>
Trade and other payables	00	00	<b>00</b>
Borrowings	00	00	<b>00</b>
Net foreign currency asset/(liability)	00	00	<b>00</b>

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2025</b>			
Financial assets (investments, cash, debtors)	31,166,216.35	00	<b>31,166,216.35</b>
Liabilities			
Trade and other payables	4,998,772	00	<b>4,998,772</b>
Borrowings	00	00	00
Net foreign currency asset/(liability)	<b>00</b>	<b>00</b>	<b>00</b>

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20XX (previous year)</b>			
Euro	10%	00	00
USD	10%	00	00
<b>20XX (current year)</b>		00	00
Euro	10%	00	00
USD	10%	00	00

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

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

**iv) Capital Risk Management**

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

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Revaluation reserve	00	00
Retained earnings	00	00
Capital reserve	00	00
<b>Total funds</b>	00	00
	00	00
Total borrowings	00	00
Less: cash and bank balances	00	00
Net debt/ ( <i>excess cash and cash equivalents</i> )	00	00
<b>Gearing</b>	00	00

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.

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

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

Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to	00	00
Sales of services to	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>b) Grants from the Government</b>		
Grants from County Government	00	00
Grants from the National Government Entities	00	00
Donations in kind	<b>181,959,569.16</b>	<b>110,296,591</b>
<b>Total</b>	<b>181,959,569.16</b>	<b>110,296,591</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	00	00
Payments for goods and services for xxx	00	00

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Description	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
<b>Total</b>	00	00
<b>d) Key management compensation</b>		
Directors' emoluments	195,000	994,000
Compensation to the medical Sup	00	00
Compensation to key management	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**46. Segment Information**

**47. Contingent Liabilities**

Contingent liabilities	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Court case against the hospital	00	00
Bank guarantees in favour of subsidiary	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

*(Give details)*

**48. Capital Commitments**

Capital Commitments	FY-2024-2025	FY-2023-2024
	Kshs	Kshs
Authorised For	00	00
Authorised And Contracted For	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

**51. Currency**

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

18 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)
Ref: OAG/NRO/NRK REFERRAL HOS./2023-2024	<p><b>1. Unsupported In-Kind Contribution</b></p> <p>The statement of financial performance for the year ended 30<sup>th</sup> June 2024 reflects Kshs.1, 808,161,307 on in kind contribution from the County Government of Narok as disclosed in note no. 7 of the financial statement. The amount includes salaries and wages and other procurement paid or undertaken by</p>	<p>The hospital received in kind contribution from the County government of Narok in the financial year 2023 /2024. The hospital through its procurement officers have retrieve the supporting schedule, ledger, invoices ,delivery note and the payroll register from the department of finance and human resources department , we here by attach documents in support of the above payment from the county government</p>	NOT RESOLVED	30/6/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the County Government on behalf of the hospital. However, the supporting schedule, ledger, invoices and delivery note were not provided for audit verification.</p> <p>In the circumstances, the accuracy and completeness of the in kind contribution from the county Government amount of kshs .1, 808,161,307 could not be confirmed.</p>	on behalf of Narok County Referral hospital		
	<b>2. Unexplained Variance on Transfers from Other Government Entities</b>	The hospital received deposit from clients offered services by the department of public health and sanitation, the amount is deposited in	NOT RESOLVED	25/8/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial performance reflects the hospital received transfers from other Government entities ( Department of Public Health Narok County) Amount of Kshs.802,300 as reflected in note 8 to the financial statements. However, the receipts reflected in the hospital cashbook was Kshs.2, 184,570 resulting to unexplained variance of Kshs.1,382,270</p> <p>In the circumstances, the accuracy, completeness of the transfer from Government entities amount of ksh 802,300 could not be confirmed.</p>	<p>our account since the department of public health awaits authority to open an operation account from the County government treasury. These amount were disclosed in the cashbook on date 26/7/2023 and 4/012/ 2023 respectively, the same was disclose in the statement of financial position under note 8. The amount of ksh. 2,184,570 stated above does not reflect amount received from other Government entities, we believe it was reported wrongly as transfer from from another entities by the auditor. The hospital have Attached its cashbook and bank statement to support the receipt.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Approved Data Backup and Recovery Plans	The hospital operates Q-afya HMIS software. The system is well secured from fraud and hacking from unauthorized persons. There is a firewall to protect data from being lost, the data are being backed up through cloud so that in case of hazard, disaster or destruction of hardware, data can still be retrieved. The q-afya system undergoes routine servicing and maintenances from our IT department. The hardware is well secured.	NOT RESOLVED	25/8/2025
	Lack of Audit Committees and Internal Audit Units	The hospital has arrangement with the county internal audit department to conduct regular audit. We are working to ensure an internal audit unit is established in the hospital.	NOT RESOLVED	25/8/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Un-determined Imprest Levels	The hospital uses approved annual work plan (AWP) as a policy document to guide allocation and amount of imprest for purposes of running the operations of the facility. However, we are in the process of developing an imprest policy document.	NOT RESOLVED	25/8/2025
	Long Outstanding Trade Payables - Kshs. 4,998,772	The hospital has strived to meet its obligations towards clearing all outstanding trade payables. However due to limited resources we were not able to pay all our pending bills. We are working on maximizing on revenue collection to enable the hospital pay all pending bills. Besides fee for service, the hospital expects payment of claims owed to the hospital by the social health authority (SHA) Attached is information from SHA PORTAL showing pending claims.	NOT RESOLVED	28/8/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Failure to Reserve 5% of the Job Opportunities to Persons with Disability	As an equal opportunity institution, the hospital acknowledges the importance of giving employment opportunities to persons with disability. The hospital is working to ensure this requirement is met. The hospital will involve organizations representing persons with disability to sensitize and encourage persons with disability to apply for job opportunities in our institution	NOT RESOLVED	28/5/2025
	Failure to Reserve a Third of Procurement Contracts to Special Groups	The hospital acknowledges and is committed to reserve tender opportunities to special groups. The hospital commits to ensuring the above requirement is met.	NOT RESOLVED	25/8/2025
	Failure to Implement E-Procurement System	The hospital is working to ensure executive order no 2 of 2018 which requires the hospital to maintain and continuously update procurement through e- citizen. Training of procurement officers is ongoing	NOT RESOLVED	25/8/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		in the procurement unit in order to capacity build the officers to enable full implementation of E-procurement.		
	Lack of Fraud Management Policies and Risk Management Strategies	<p style="text-align: center;"><u>Risk management</u></p> <p>i. Risk management/process framework: There is no risk management protocol in place. However, the hospital management team is in the process of developing one in the year 2025/2026.</p> <p>ii. Control mechanisms in place: The hospital management team has put in place risk control mechanisms as follows: Risk reporting and investigation within service provision areas, use of standard operating procedures for high risk</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>procedures in all the service areas e.g. surgical procedures, medication administration, diagnostics among others. Trained staff on occupational health and safety, scheduled continuous medical education sessions, quality improvement team in place.</p>		
		<p>iii. Risk classification: Risk categories in the hospital are classified as follows; clinical risks (related to patient care, such as medication errors, surgical complications, and hospital acquired infections,) operational risks (related to hospital operations such as equipment failure, supply chain disruptions, staffing shortages) Financial risk</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		(billing errors, Insurance claims, financial instability) Reputation risk (negative publicity, patient complaints, regulatory non-compliance)		

**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 for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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**Accounting Officer**



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

**Projects**

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1		FISTULA FOUNDATION	3 YEAR	TO PROVE FUNDS	YES	YES
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							

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

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....

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**Appendix IV Reporting of Climate Relevant Expenditures**

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