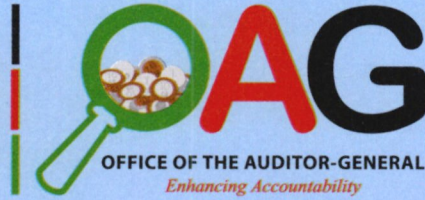
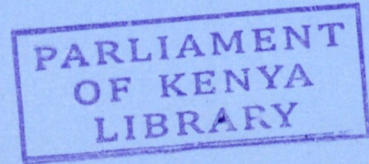


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

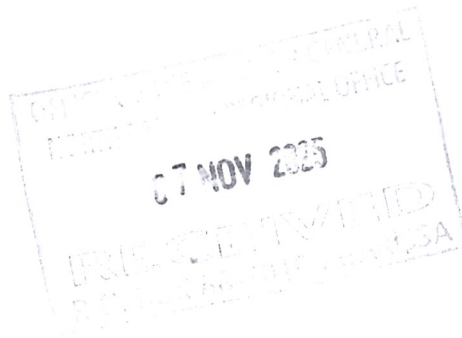
RHAMU SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MANDERA

PAPERS LAID	
DATE	27/11/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo





RHAMU SUB COUNTY Level 4 HOSPITAL (County Government of Mandera)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Rhamu Sub County Level 4 Hospital (Mandera County Government)
Annual Report and Financial Statements for The Year Ended 30th 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
RSCH	Rhamu Sub County Hospital
AIE	Authority to Incur Expense
PPE	Property, Plants and Equipment
KEMSA	Kenya Medical Suppliers Authority
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standard Board
SHIF	Social Health Insurance Fund
CGM	County Government of Mandera
HA	Hospital Administrator
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.

2. Key Entity Information and Management

(a) Background information

Rhamu Sub County Hospital is a level (4) hospital established under gazette notice 786 (4427) and is domiciled in Mandera County under the Health Department. The hospital is governed by Board of Management.

(b) Principal Activities

The principal activity mandate of the hospital is to have an efficient, high quality health care system that is accessible, equitable and affordable for all patients in the region.

Vision

Provision of Accessible and Responsive Quality Health Care Service.

Mission

To be the leading Hospital in the Region in Providing Quality Health Care Service for the Community.

Core Values

The core values of Rhamu Sub County Hospital

- Commitment – We are committed to assisting our people access quality healthcare
- Accountability – We believe it is our responsibility to be good agents in the efficient and effective use of Material, Human and Financial resources
- Respect– We are culturally sensitive, value dignity and respect the will of our people
- Integrity – We believe our health services should be delivered in an ethical, trustworthy and transparent way.
- Impartiality – We are unbiased and welcome innovative ideas to move our health care system to the highest level possible.

(c) Key Management

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

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

**Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Key Entity Information and Management

(d) Fiduciary Management

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

Medical Superintendent	Rashid Hussein Noor
Head of finance	AL Bashir Abdullahi Sheikh
Head of supply chain	Abdirahim Issack Mohamed
Hospital Administrator	Ahmed Siraj Alinoor
Nursing In- Charge	Hussein Ibrahim Issack

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Office Of Auditor General

(a) Entity Headquarters

Rham town, next to deputy county commissioner office.
P.O. Box 35-70302
RHAMU, KENYA.

(b) Rhamu Sub County Hospital Contacts

Telephone: (+254) 725079021
E-mail: rhamuhospital01@gmail.com
Website: www.go.ke

(c) Rhamu Sub County Hospital Bankers

Equity Bank Limited
Mandera branch,
P.O box 536-70300,
Mandera, Kenya.

(d) Independent Auditors

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




(e) Principal Legal Adviser

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






(f) County Attorney


P.O. Box. 13-70300,
Mandera Kenya.

3. The Board of Management

Ref	Directors	Details
1.	 ABDULLAHI MOHAMED AHMED	<p>Board chair</p> <p>MSC in Governance, Peace and Security Bachelor Degree in Journalism, Mass Media and Communication.</p> <p>He has over 20 years working experience in Communication and Peace and Security sector which he worked in various capacity.</p>
2.	 RUKIA DAHIR	<p>Board Deputy Chair</p> <p>Bachelor Degree in Education</p> <p>Madam Rukia has over 27 years' experience in education sector which she worked in various capacity.</p>
3.	 ABDULLAHI BISHAR ABDULLAHI	<p>Board Member</p> <p>Ongoing, BSC-Environmental Healthcare</p> <p>Bachelor of Science in Environmental Health</p> <p>Dip -Clinical Medicine and Surgery</p> <p>He has over 10 years working experience in Health sector which he worked in various capacity.</p>





*Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

4.	 HUSSEIN ALI MAMO	<p>Board Member</p> <p>Bachelor Degree in Education art. He has over 10 years working experience in Education sector which he worked in various capacity.</p>
5.	 MUHIDIN MUSA OMAR	<p>Board Member</p> <p>Bachelor Degree in Education art He has over 12 years working experience in education sector which he worked in various capacity.</p>
6.	 HUSSEIN ALI FARAH	<p>Board Member</p> <p>Dip in Disaster Management . He has over 40 years working experience in education and administration sector which he worked in various capacity.</p>
7.	 SHUKRI RASHID MAOW	<p>Board Member</p> <p>Dip in Clinical and community Nutrition. He has over 10 years working experience in Health sector which he worked in various capacity</p>
8.	 EIMOI ABDULLAHI IBRAHIM	<p>Board Member</p> <p>Bachelor Degree in Business Administration He has over 40 years working experience in Security and administration sector which he worked in various capacity.</p>

9.	 Dr Rashid Hussein Noor	Medical Superintendent and Board Secretary Bachelor Degree in Clinical Medicine Senior medical officer with more 5-year experience in clinal and managerial position dedicated to exemplary patient care and with knowledge of arrange of health issues.
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*Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

4. Key Management Team

Ref	Management	Details
1.	Dr Rashid Hussein Noor 	Medical Superintendent
2.	AL Bashir Abdullahi Sheikh 	Hospital Accountant In-Charge
3.	Hussein Ibrahim Issack 	Nursing Officer in-charge
4.	Abdirahim Issack Mohamed 	Procurement Officer In-Charge

5. Chairman's Statement

It is great honour to present Rhamu sub county Hospital's annual report and Financial Statement. The Board of Management is proud of the achievements realized by the hospital in this period towards achieving hospital goals. I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. Rhamu Sub County as the public Hospital of choice in Rhamu Sub County and beyond, offers quality specialized health care to patients within Sub County and cross borders.

The year ended 30th June 2025 reaffirmed our strong sense of purpose in delivering high quality, personalized care with sharp edge of innovations. Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

Rhamu Sub County Hospital in the health sector, the Board is committed to ensure continued quality service delivery to the citizens. The Hospital's operations are also influenced by various global, regional and national strategies aimed at promoting, restoring, and maintaining the health care service delivery.

Strategy and Performance During the period under review, the hospital completed the implementation of the Hospital Annual Report and Financial Statements for the Year Ended 30th June 2025.

Further, I am happy to report that the Management not only achieved most of the Performance targets pursuant to the Performance Contract with the Ministry of Health, but also put emphasis on the measures that are directed at realizing the Hospitals' Vision and mission. The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the Board remains focused on providing resources and supporting initiatives that will sustain the Hospital in a leadership position in the healthcare sector.

Acknowledgement

On behalf of the management and stakeholders, I would like to thank all especially the Ministry of Health and county treasury for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new financial year, I would like to express my gratitude to the Hospital staffs, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day. Finally, I strongly believe that our strategy and the staffs in place will consistently ensure our growth in the future as has been the case over the years.



.....
Sign:
ABDULMOHAMMED AHMED
BOARD OF MANAGEMENT CHAIR

6. Report of The Medical Superintendent

It is great honour to present Rhamu sub county Hospital's annual report and Financial Statement. The Board of Management is proud of the achievements realized by the hospital in this period towards achieving hospital goals. I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. Rhamu Sub County as the public Hospital of choice in Rhamu Sub County and beyond, offers quality specialized health care to patients within Sub County and cross borders. The Rhamu Sub County hospital established centres of excellence in the following areas: diabetes, Infectious Diseases; HIV medicine, mother and child care, Radiology and TB. This is in a bid to provide excellent specialized services and improve quality healthcare.

Recognizing the importance of laboratory services, the management equipped and renovates the hospital laboratory in order to enhance efficiency in laboratory diagnostic services. The Hospital has created the department of Quality Healthcare (QHC) whose operations encompass patient safety, clinical governance, infection prevention & control, as well as monitoring and evaluation

Rhamu Sub County Hospital is putting great emphasis in improvement of communication with our patients, their families and other stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. In an effort to provide timely and accurate information, we have established

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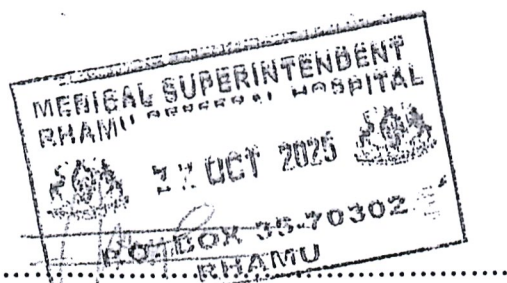
Major challenges facing Rhamu Sub County Hospital.

- The high population which puts strain on the limited available health facilities and equipment
- Hospital faces acute brain drains as many medical practitioners seek greener pastures outside the county and country.
- Ineffective Social Health Insurance Fund (SHIF) which makes it difficult for many people to access quality health service
- Inadequate health practitioners and personnel which compromises the quality of health services
- High rate of road accidents/ injuries has strained the available health facilities.
- High poverty levels among people renders them vulnerable to diseases and malnutrition
- Inadequate facilities/ equipment has made it difficult to access quality services xiii. Inadequate funding by the government which has resulted into provision of poor health services
- Retrogressive cultural/ religious practices have frustrated efforts to provide healthcare

Acknowledgement

On behalf of the management and stakeholders, I would like to thank all especially the Ministry of Health and county treasury for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new financial year, I would like to express my gratitude to the Hospital staffs, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, I strongly believe that our strategy and the staffs in place will consistently drive our growth in the future as has been the case over the years.



RASHID HUSSEIN NOOR
MEDICAL SUPERINTENDENT

7. Statement of Performance Against Predetermined Objectives

1. Strategic Objective

To provide accessible, affordable, and quality healthcare services to the residents of Rhamu Sub-County.

2. Performance Objectives and Indicators

No.	Objective	Key Performance Indicators (KPIs)	Baseline (2023/2024)	Target (2024/2025)	Actual Performance	Variance (±)	Remarks / Explanation
1	Improve access to quality outpatient services	Number of outpatient visits	17,782	18,200	18,081	-119	Slightly below target due to cultural and believes
2	Strengthen maternal and child health services	Skilled deliveries conducted	918	1,000	940	-60	Achieved 94% of target; good progress
3	Improve infrastructure and equipment maintenance	Number of functional Infrastructural and Equipment	70%	85%	83%	-2%	Male ward, modern maternity, modern laboratory and female and pediatrician wards are construction.
4	Improve staff Employment	Number of staff employed	75	95	90	-5	Employment budget constraints

3. Summary of Performance

- **Overall Performance:** 90% of annual targets achieved.
- **Key Achievements:**
 - Reduced maternal mortality by 5%.
 - Increased outpatient attendance by 1.7%.
 - Established a new laboratory wing with modern diagnostic equipment.
- **Challenges:**
 - Inadequate staffing, especially in specialized units.
 - Delayed procurement processes for Equipment and building
 - Occasional drug shortages due to late deliveries.

8. Corporate Governance Statement

i) Introduction

At Rhamu Sub-County level 4 Hospital (RSCH), the practice of good corporate governance ensures the delivery of sustainable value as well as meeting the needs of our community. RSCH is committed to ensuring that the needs of our customers and the expectations of our community are met while safeguarding the investments of the County Government of Mandera through the adoption of ethically driven policies, procedures and processes. We believe that our hospital affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the hospital. This report highlights the main corporate governance structures and practices that guide the Board.

ii) Governance Principles and Guidelines

The RSCH Board of Management is responsible for the overall governance of the hospital and is accountable to the County Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The members of the Board are committed to fostering a culture that values ethical behavior, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices. The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation. The Board is vested with powers and authority as provided in relevant laws of Kenya. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfill its corporate governance responsibility towards stakeholders.

The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment. The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act.

iii) Board Organization and Structure Board Size,

Composition and Appointment the RSCH Board of Management comprises of eleven (9) members including the Medical Superintendent. Eight (8) members of the Board are independent including the Chairman, all drawn from the public sector. The Chairman of the Board and the board members are appointed by the County Executive member for Health. They each serve for a period of three (3) years.

Names of all members and changes thereto are published in the Kenya Gazette. The Board is well composed in terms of range and diversity of skills, knowledge, academic

qualifications, gender, age and experience in various sectors which makes it effective and provides balance for the oversight role of the Board's mandate.

The position of Medical Superintendent is filled by the Country Chief Officer for Medical Service.

iv) Roles and Responsibilities OF HOSPITAL BOARD

The primary responsibility of the Board is to provide leadership and strategic direction to the hospital to enhance value. The Board Directors are expected to exercise the highest degree of care, skill and diligence in discharging their duties. The roles and responsibilities of the Board and the Medical Superintendent remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no individual has unfettered power of decision making. The Board provides oversight to the hospital's top management and has unrestricted access to timely and relevant information. The Members are also empowered to seek independent professional advice on hospital business at its expense where necessary. The Chairman provides overall leadership without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective Board and sets the Board agenda in consultation with the Secretary/ Medical Superintendent and ensures effective communication to stakeholders.

The Medical Superintendent is responsible to the Board and takes the overall responsibility for the day-to-day management of the hospital. The Medical Superintendent recommends the strategy of the Board and implements it and makes operational decisions. In addition, as Secretary to the Board, the Medical Superintendent ensures appropriate and timely information flows within the Board, its committees and management.

The Corporation Secretary is in attendance of all Board meetings to provide guidance to the Board on their duties and responsibilities; on matters of governance; and to provide efficient secretariat services including coordinating induction and training of new members, preparation for board meetings and maintaining a record of the same, disseminating action material for management, and filing of statutory returns.

v) Induction, Training and Development.

Regular training and development programs are developed to equip the Board with necessary skills for effective discharge of their mandate. Each year the Board prepares a training calendar where specific training needs are identified and scheduled. Each financial year the board members will attend various capacity building programs focusing on leadership, governance, finance and other relevant areas.

Upon appointment of a new board members, the Management guides them through a formal induction program explaining the anatomy of the hospital, its operations and they get the opportunity to meet the key officers. They are also taken through corporate governance training so as to understand their roles and responsibilities as Directors.

vi) Board and Members Performance.

In order to assess and improve the capacity, functionality and effectiveness of the Board and its members, an annual evaluation is undertaken in accordance with the widely accepted principles of corporate governance. The self-evaluation reviews the capacity, functionality and effectiveness of its performance in the achievement of its goals and objectives. It assesses the performance and independence of the Board and its Committees jointly. The Chairman's ability to add value, his performance against what is expected of his role and function, is also assessed.

The results of the evaluation form the basis on which action/work plans for the preceding year are formulated, assists to identify the training needs and it also forms the basis of re-appointment of directors.

The Board was evaluated against the following criteria, amongst others: -

- Effective preparation for and participation at meetings;
- Understanding the business, mandates, strategic thrust of RSCH
- Ability to take an independent view on matters brought for discussion;
- Communication with fellow Directors, the Management and stakeholders;
- Regular attendance of meetings; and
- Keeping abreast with the latest developments, including awareness and compliance with regulatory guidelines. A report on the overall evaluation assessment will be submitted to the County Executive member for Health.

vii) Board Membership and Attendance of Meetings

The Board holds regular meeting at least once every quarter and supplementary meetings are held as and when necessary. In case of nonattendance due to other commitments, such information is communicated to the Chairman prior to the date of the scheduled meeting. Board membership and attendance during the year ended June 2025. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Each committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience. The Chairman of the Board, the Management and external parties/advisors attend the committee meetings only by invitation. The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board.

Matters deliberated by the committees are presented to the Board by the respective Chairman during the next board meeting. The Board has the following two (2) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

1-Risk & Audit Committee

2-Finance & Administration Committee

viii) Succession Plan

Succession planning is a process of systematically identifying, assessing and developing talent and capacity to ensure continuity in key leadership positions within the organization. A succession plan is designed to identify and prepare potential candidates to takeover key positions as they become available. The Board has put in place a succession plan for the Hospital to ensure a smooth transition with less disruption of operations in case of positions becoming vacant. This plan encompasses both the board and key management positions.

ix) Policy To Manage Conflict Of Interest

Conscious of its responsibilities to members and other stakeholders, the Hospital Board issues a statement at the end of each year confirming that they have complied with the law, conducted their affairs in accordance with the best principles and practices of corporate governance and that to the best of the knowledge of the Board and management, no person, employee or agent

acting on behalf of the Rhamu Sub-County Hospital with the knowledge or authority of the Board or management, committed any offense under the Prevention of Corruption Act or indulged in any unethical behavior in the conduct of the Fund's business, or been involved in money laundering, or any practice or activity contrary to the law and constitution. The Board applies a Conflict-of-Interest policy. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and, excuse himself or herself from the Board for discussion relating to the matter in question. At the beginning of the financial year, all members will sign a Declaration of Interest Form declaring that they will disclose any interest that conflicts or possibly may conflict with the interests of the Board. At the commencement of any business to be transacted, all directors are required to declare their interest, if any.

x) Boards' Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), and mileage reimbursement where applicable within government set limits for state corporations as outlined in SRC circular SRC/TS/29/13.(14) of 28/07/2022.

xi) Ethics and Conduct

Members of the Board have a fiduciary duty to act honestly and in the best interest of the Hospital. All transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance. The Board reviewed the Code of Conduct and Ethics with the aim to enhance relationships and foster teamwork among Board members and staff and to build respect, confidence and credibility with its citizens. The Code provides guidance to its members regarding ethical and acceptable behavior in conducting their duties and responsibilities. All Board members are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital.

xii) Communication Policy

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns

whilst having regard to legal and strategic considerations. The main avenues for communication are through stakeholder forums and annual reports and financial statements. Additionally, the Board has dedicated members to deal with complaints and public relations effectively, efficiently and as expeditiously as possible. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders.

xiii) Terms of Reference of Committees

1-Establishment, Composition and Role of the Hospital Management Team

- (1) Every hospital in the County shall have a Hospital Management Team,
- (2) The Hospital Management Team shall, comprise of—(a) Hospital In-Charge;
- (b) The hospital administrator; and the hospital accountant; and (c) All the departmental heads.

(3) The Hospitals management team shall, in relation to Health Services Improvement Financing—

- (a) prepare and present the annual hospital work-plan and budget;
- (b) prepare and present the hospital quarterly budgets;
- (c) prepare monthly, quarterly and annual financial reports;
- (d) monitor the performance target of the Health Services

2-Financing;

- (e) monitor the achievement of the health service delivery indicators;
- (f) prepare and present a performance report for (d) and (e) above as per the prescribed format;
- (g) undertake resource mobilization for the hospital;
- (h) ensure efficient and effective utilization of resource paid into the Health Services Financing;
- (i) ensure internal audits are periodically undertaken to mitigate financial risks; and
- (j) ensure external audits are undertaken on a timely basis.

(3) The Chief Executive Officer for level 5 Hospitals shall be competitively recruited and gazette by the County Public Service Board. Establishment and membership of Hospital Management Boards.

4- (1) The Executive Committee Member shall establish management Boards for each Hospital facility in the county.

(5) Each Board shall consist of not more than seven members constituted as follows;

(a) A chairperson;

(b) The Chief Executive Officer or Medical superintendent who shall be the secretary to the Board;

(c) The following persons appointed by the CECM-Health—(i) One person with experience in finance and administration from within the Sub- County;

(ii) One person representing youth and people with disability; (iii) 4 persons to represent community interests from business community, non- state actors, women and religious groups. Qualification of the Hospital Management Boards

6. (1) The appointment of the chairperson shall be subject to the following requirements—

(a) At least 5 years' experience in management position;

(b) satisfying the requirements of Chapter Six of the Constitution; and

(c) holding a minimum of a bachelor's degree from a university recognized in Kenya.

(2) The appointment of the board members shall be subject to the following requirements—

(a) At least 3 years' experience in management position; (b) satisfying the requirements of Chapter Six of the Constitution; holding a minimum of a bachelor's degree from a university recognized in Kenya;

(c) Must be a bona fide resident of the town where the hospital is located; and

(d) The appointment of the board members shall comply with the two-thirds gender requirement.

7-Terms of Office and termination of membership of the Hospital

Management Boards;

(1) The chairperson and members of the Board shall hold office for a period of three years but shall be eligible for re-appointment for one further term.

(2) A member shall vacate his/her position as a member of the Hospital Management Board if he/she—

(a) is absent from three (3) consecutive meetings of the Board; without prior notice to the Chairperson and without good cause.

(b) violates Chapter 6 of the Constitution;

(c) ceases to be a Kenyan citizen;(d) voluntarily resigns from committee; or (e) dies.

8-Role of the Hospitals Management Board

15. (1) The Hospital Management Board shall be appointed and gazette by the Executive Member;

(2) The Hospital Management Board shall, in relation to the Health Services Improvement Financing—

(a) approve budgets, programs and plans of the Hospital; (b) considers and submit for approval to the Chief Officer annual work plan and budgets;

(c) considers and submit for approval to the Chief Officer for approval of the hospital quarterly budgets;

(d) ensure the quarterly implementation plans and budgets are based on available resources

(e) formulate strategies on resource mobilization for the hospitals;

(f) monitor the utilization of Health Services Improvement Financing;

(g) approve the facility performance reports referred in section 8 (1)

(f) and forward to the Chief Officer;

(h) take corrective action in relation to implementation challenges identified that hinder efficient collection and absorption of funds;

(i) Oversight all financial procedures and reporting requirements are met by the hospital management teams and conform to the Public Finance Management Act (2012) and related regulations;

(j) ensure strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act;

(k) make policy recommendations on the use of the Health Improvement Financing;

(l) guide the hospital fees, charges, unit costs, exemptions and waivers as prescribed by the Executive Committee member for health;

(m) receive the audit report and respond to management queries.

(n) ensure public awareness on administration of the county Health Services Improvement Financing through public participation during annual planning and budgeting.

Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025

- (o) Liaison between health facility management team and community to strengthen the delivery of quality health services. (p) resolve any conflicts that arise amongst hospital units whose nature is the allocation of resources; and
- (q) Determine such number of standing committees and composition of ad hoc committees.

9. Management Discussion and Analysis

The institution began the financial year with a lot of goodwill from the County Government by reviving most department that were close to shutting down in providing services e.g. dental, laboratory and renal among many others. This improved service delivery and confidence of the community to come and seek for services in the facility shown by the increment in patient numbers and increment in revenue collected by the facility during this period

1. Clinical/operational performance

The hospital attended to 19,437 patients both inpatient and outpatient for the financial year 2024/2025. The number of inpatients is 1,356 while outpatient 18,081.

Outpatient department

The total number of outpatient clients for the year under review stood at 19,437 patients showing an increase from previous year which was attributed to improved efficiency on services delivery as well as SHA outpatient cover.

In-patient services

Average length of stay for inpatients clients is five days for financial year ended 30th June 2025. This shows increase compared to previous year and it is attributed by improved efficiency and adoption new strategies in patient care. Among the strategies deployed are;

- Adherence to patient referral protocols.
- Effective performance measurement and monitoring for improvement.
- Availing adequate drugs and supplies.
- Reducing maternal mortality.

Reproductive Health

A total of 940 deliveries were conducted during the year under review there are increase in delivery due to opening of new maternity building which can accommodate more mothers than old maternity. This increase is also caused by referrals from rural facilities from within Sub County in need of specialized maternity service and support from government of Kenya through Linda Mama scheme which had allowed mothers to deliver at Rhamu Sub County hospital without having to personally incur any cost.

2. Current trends in the health sector

The constitution of Kenya 2010 through the bill of rights recognises health as primary right and tasks the health sector with the responsibility to realize this right. Vision 2030 and the Kenya health policy 2015-2030 that aimed to provide equitable and affordable health care of the highest standards to Kenyans are other key instruments that signal the government commitment to ensure that Kenyans have access to quality, affordable health care.

- Universal healthcare (UHC) is one of the key pillars of the current government to ensure that all people and communities in Kenya can access quality and effective health care services they need despite ability to pay.
- On access to quality health care service Rhamu Sub County Hospital provides specialized patient – centred services through ensuring optimum availability of specialized healthcare personnel in all disciplines and provision of training for healthcare personnel for basic and post basic course.

Challenges and Opportunities

1. Physical infrastructure and equipment

Rhamu sub county hospital has bed capacity of 70 beds hence cannot accommodate the increasing number of inpatient in the hospital, most of medical equipment in the hospital are ageing and of obsolete technology. Therefore, there is need for continuous investment to improve the physical infrastructure and modernization of equipment.

2. Health care insurance cover

Most Kenyans have no forms of health insurance cover and hence find it difficult to access health care when needed due to inability to pay. Rhamu Sub County Hospital cannot deny medical care to Kenyan because of finances issues hence find itself often waiving bills due. This affects hospital ability to offer optimal service therefore need to scale up awareness to increase the uptake of health insurance especially SHIF cover among Kenyan citizens.

3. SHIF PROGRAMME

The government of Kenya implemented free maternity programme which have assisted delivering mother and the hospital claims as Linda mama from the government hence benefitting both the society and the hospital.

Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Financial performance

For the year under review Rhamu sub county hospital opening balance as at 1st July 2024 is Ksh.892.00 and hospital received Ksh 2,700,000. from Mandera county treasury ,ksh from 2,161,900.00 on source revenue and Ksh. 17,816,647.00 from NHIF and SHIF totalling to Ksh.22,679439.00. This revenue has been utilised for hospital operations as follows;

s/n	Particulars	Amount (kshs)
1	Medical/clinical cost	5,736,462.00
2	Employee cost	4,221,300.00
3	Board management Expenses	902,000.00
3	Repair and Maintenance	6,300,540.00
4	General expenses	5,518,245.00
	Grand total	22,678,547.00

10.Environmental And Sustainability Reporting

The Rhamu Subcounty level 4 Hospital's purpose is to be pro-health and promote wellbeing of the people and the planet where they live. This will be achieved through excellent healthcare delivery and leadership. RSCH is dedicated to providing good healthcare services and training through efficient and operational processes and contributing to national development, customer focus, professionalism, integrity, teamwork, employment empowerment, security and safety, innovation and creativity, reliability and environmental sustainability.

1-Sustainability strategy and profile

Rhamu Sub County Level 4 hospital continues to look for ways to improve efficiency and reduce overall costs and at the same time improve the overall patient experiences given the constrained macro economy. During the period under review, sustainability strategies were implemented to ensure programs and activities are realized perpetually as part of our core mandate. These include:

a)-Provision of quality healthcare services

-Provision of quality healthcare services that has been made possible by improving Human resources for Health, consistent supply of health products and commodities and equipment's

b-Investment in health infrastructure

The new investment accomplished during the financial year under review include commissioning a new modern maternity and new born unit, Modern wards for female, pediatric and male patients, and a modern laboratory.

C-Cashless system

The sustaining of a cashless system provided opportunities to improve operations and customer related processes. Rsch clients conveniently under take payment for services through mobile money transfer (M-pesa service) and direct cash banking deposit

D- Corruption Prevention

Corruption Prevention premised on Zero Tolerance to corruption and corrupt practices, Rsch core value of personal and institutional integrity, honesty, transparency, accountability and evenness and ethical conduct at all time.

E-Patient Safety

Rsch is a patient safety zone. This has been achieved through effective implementation, monitoring and evaluation of the patient safety policy.

i) Environmental performance

Recognizing the linkage between environmental health and public health, the Hospital is committed to responsible environment protection practices to benefit the health of our patients, staff, and the community.

Some of the sustainable approaches to environmental stewardship that have been implemented include;

a)-Management of waste through a modern clinical waste management system as a sterilization method.

b)-Tree plant culture initiative as part of corporate commitments. Rsch staff and management have planted more than 1000 trees to encourage the community to maintain clean and healthy surroundings

ii) Employee welfare

Rhamu Sub- County Level 4 Hospital is an equal opportunity employer and has put in place policies that guide the hiring process for casual and support staff cognizant of gender and ethnic ratios and opportunities for people living with disabilities and those coming from marginalized areas.

a)-Mental Wellness

Mental health is the ability of employees to understand and accept themselves and accept themselves and to successfully cope and deal with the challenges and obstacles that life or work.

To reduce stigma around conversation of mental and emotional wellness at work Rsch has created enabling environment where team feels safe and comfortable in sharing how they feel through not victimization policy.

b)-Physical Wellness

Physical wellness encompasses physical activity and nutrition, RSCH supports physical wellness of staff by encouraging the culture of walking to work for staff living around the hospital.

C)-Safety and security

Staff retention strategies are in place with competitive and timely remuneration by the County Government of Mandera, training opportunities and non-cash benefits including comprehensive staff medical scheme and pension scheme.

D)-Staff mentorship and guidelines

iii) Market place practices-

Responsible competition practice.

The RSCH is an open and equal opportunity Environment .Supplier contacts are awarded based on open tendering process as per article 227(1) of constitution of Kenya .2010 that requires public institutions to contract goods and services through a system that fair ,equitable ,transparent ,competitive and cost effective , RSCH also adheres to the public procurement and asset disposal act of 2025 on ensuring that at least thirty (30%) of procurement budget is allocated to Youth ,Women and Person with Disabilities .RSCH has Zero tolerance to corruption and Corrupt Practices policy.

a) Responsible Supply chain and supplier relations

Rhamu Sub- County Level Hospital suppliers are paid as scheduled per account payable aging analysis and within 90 days of completion of supply and invoicing for regular suppliers and 30 days for special groups under AGPO category, Annually RSCH conducts supplier's forum as a way of supplier engagement toward ensuring cordial contractual relation.

b) Responsible marketing and advertisement or Responsible engagement with citizen

The Rhamu Subcounty Level Four Hospital provides information to the public on access to specialized and quality healthcare services available. This done through medical outreach/camps, local Radio, mosques and Online platforms.

a) Product stewardship or Awareness Creation

RSCH maintains a patient Charter to inform the patient of their rights and responsibilities. The charter is displayed prominently across all service delivery points. Service delivery Charters displayed prominently at service delivery points and customized to meet the unique needs and convenient access by the clients.

iv) Corporate Social Responsibility / Community Engagements

The Rhamu Sub-County Level 4 Hospital embraces population through conducting clinical outreaches and medical camp as a strategy towards increasing awareness in local communities about various diseases both communicable and non-communicable. The outreach program may either be done through physical visits to communities or Radio shows that have wide customer base, through this medium of intervention the hospital was able to achieve the following:

- 1-early diagnosis of ailments hence early intervention
- 2- Healthy population with consequent increase in productivity
- 3-An enlightened community on Health Services available to them

11. Report of The Board of Management

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

Principal activities

The principal activities of the Rhamu Sub County Hospital are giving medical service and patient care.

Results

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


Board of Management

The members of the Board who served during the year are shown on page vi to vi

Auditors

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

By Order of the Board



.....

Name

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

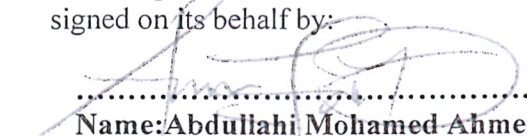
The Board of Management is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining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

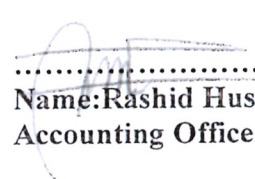
The Board of Management accepts responsibility for the Rhamu Sub County Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:


.....
Name: Abdullahi Mohamed Ahmed
Chairperson
Board of Management


.....
Name: Rashid Hussein Noor
Accounting Officer

REPUBLIC OF KENYA

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



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

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

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 Rhamu Sub-County Level 4 Hospital set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes

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

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

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

Basis for Qualified Opinion

1. Unexplained Prior Year Adjustment

The statement of changes in net assets reflects total net assets of Kshs.9,215,089. Included in the statement is prior year adjustment of Kshs.5,363,922 on accumulated surplus which was disclosed as typing error during the prior year. However, Management did not provide a detailed explanation relating to nature and type of transaction where the error occurred during the prior year.

In the circumstance, accuracy of net assets balance of Kshs.9,215,089 in the statement of changes in net assets could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balance in respect of property, plant and equipment. However, review of the Hospital's records revealed that the Hospital had under its control property, plant and equipment of undetermined value, including land and buildings, motor vehicles and equipment which were not disclosed in the financial statements. Management did not provide satisfactory explanation for the failure to disclose the property, plant and equipment in the financial statements.

In addition, the fixed asset register maintained did not contain all key asset details including description of the asset, identification or serial numbers, acquisition date, cost of acquisition, accumulated depreciation, net book value, location, class and the current status. In addition, the Management did not provide ownership documents for the land on which the Hospital buildings and structures sit.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rhamu Sub-County 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 amounts reflects final revenue budget and actual on a comparable basis of Kshs.28,000,892 and Kshs.23,134,597 respectively, resulting in an under funding of Kshs.4,866,295 or 17% of the budget. Similarly, the Hospital spent Kshs.22,678,547 against actual revenue of Kshs.23,134,597 resulting to under absorption of Kshs.456,050 or 2% of actual revenue.

The under-collection of revenue affected the planned activities and may have negatively impacted 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 Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Effectiveness of Internal Controls, Report of Lawfulness and Effectiveness in the Use of Public Resources, and Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following twelve issues remained unresolved:

No.	Financial Year	Audit Issue
1.	2023/2024	Inaccuracies in the Financial Statements
2.	2023/2024	Non-Disclosure of Property, Plant and Equipment
3.	2023/2024	Non-Disclosure of Employees Cost Paid by the County Government

No.	Financial Year	Audit Issue
4.	2023/2024	Undisclosed Property, Plant and Equipment
5.	2023/2024	Failure to Prepare Estimates of Income and Expenditure
6.	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
7.	2023/2024	Lack of Hospital Management Board
8.	2023/2024	Identification, Collection and Accounting of Own Generated Revenue
9.	2023/2024	Weakness in Issuance and Storage of Medical Supplies
10.	2023/2024	Failure to Establish Internal Audit Function and Audit Committee
11.	2023/2024	Lack of Approved Staff Establishment and Scheme of Service
12.	2023/2024	Lack of Risk Management Policy and Disaster Recovery Plan

Other Information

The Management is responsible for the Other Information set out on page iii to xxxi 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 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

1.0 Deficiencies in the Implementation of Universal Health Coverage

Review of the Hospital records and interview on services offered revealed, equipment used and number of members of staff at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guideline as shown below:

1.1 Failure to Offer Essential Services

During the year under review the Hospital indicated that it offered essential services including minor surgical services, pediatric services, gynecology services and radiology services. However, the capacity of the Hospital to offer such services may be in doubt since the Hospital did not have the relevant experts to offer the services. In addition, the Hospital did not offer renal services contrary to requirements of the Kenya Quality Assurance Model for Health for Level 4 Hospitals.

1.2 Understaffing of Health Workers and Lack of Key Medical Equipment

The Hospital lacked key medical equipment and medical specialists and thereby did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines as detailed below:

1.2.1 Lack of Key Staff

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	4	12	75
Anesthesiologist	2	0	2	100
General Surgeons	2	0	2	100
Gynecology	2	0	2	100
Pediatrics	2	0	2	100
Radiologist	2	0	2	100
Kenya Registered Community Health Nurses	75	38	37	49.3
Total	101	42	59	58

1.2.2 Lack of Key Medical Equipment

Equipment	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	70	80	53.3
Resuscitator (2 In Labor & 1 In Theatre)	3	2	1	33.3
New Born Unit Incubators	5	2	3	60

Equipment	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
New Born Unit Cots	5	2	3	60
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	2	0	50

1.3 Equipment Not in Working Condition

Physical inspection conducted in the month of October, 2025 revealed that the following equipment listed below were not in working condition:

Name of the Assets	No.	Ownership	Status
CCTV	3	County Government of Mandera	Faulty
Computers	5	County Government of Mandera	Faulty
Solar Panel	10	County Government of Mandera	Faulty
Centrifuge-Omega 6	1	County Government of Mandera	Faulty
HBMeter-HOMOCUE201+	1	County Government of Mandera	Faulty

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

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

2. Grounded Motor Vehicle and Motorcycle

Review of the asset register revealed that one (1) motor vehicle and one (1) motorcycle were grounded and earmarked for disposal. However, the process of disposal had not commenced. The continued depreciation and deterioration in value of the assets represents ineffective use of public resources.

In the circumstances, the effective in use of the Hospital assets for service delivery could not be confirmed.

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. Non-Functional Internal Audit

Review of the operations and records of the internal audit unit revealed that, the Hospital had established an internal audit unit and audit committee. However, no evidence was provided indicating that internal audit reports were deliberated by the committee during the year under review and recommendations issued to management for corrective action.

In the circumstances, the effectiveness of the internal audit unit and the audit committee could not be confirmed.

2. Lack of Approved Internal Audit Charter

Review of the governance structures in the Hospital, revealed that the Hospital did not have an approved internal audit charter that spells out the internal audit purpose, authority and responsibility.

In the absence of an internal audit charter the effectiveness of the internal audit unit could not be confirmed.

3. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital did not put in place a Risk Management Policy, strategies, disaster recovery plan and risk register to mitigate against risk. Further, the Hospital did not have an IT strategy committee, IT steering committee and IT continuity plan. This may result in inadequacy in IT governance, which forms a critical part of the Hospital governance structure. In addition, the Hospital lack of policies covering physical access to IT environments and environmental controls. This could result in loss to information assets due to damages or theft.

In the circumstances, the effectiveness of risk management system at the Hospital could not be confirmed.

4. Expired Drugs

Physical inspection conducted in the Month of October, 2025 revealed that the Hospital had sixteen (16) commodities of drugs of unknown value that had expired. The Hospital did not have a policy on disposal of the expired drugs. Further, some drugs were out of stock thereby hampering service delivery.

In the circumstance, the effectiveness of internal controls on the management of pharmaceuticals and non-pharmaceuticals inventory to achieve the Hospital mandate could not be confirmed.

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

Responsibilities of the Management and 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 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


19 November, 2025

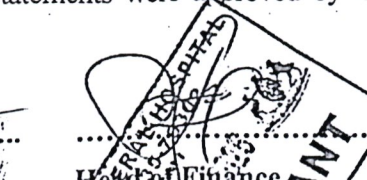
Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025

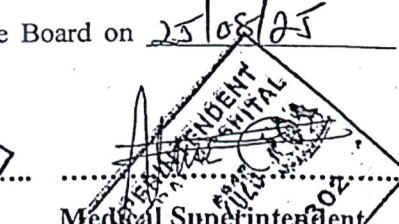
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,700,000	7,515,000
In-kind contributions from the County Government	7	87,821,096	0
		90,521,096	7,515,000
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	25,054,860	3,767,230
Revenue from exchange transactions		25,054,860	3,767,230
Total revenue		115,575,956	11,282,230
Expenses			
Medical/Clinical costs	9	19,606,707	2,502,900.00
Employee costs	10	4,221,300	4,505,500.00
Board of Management Expenses	12	902,000	0.00
Repairs and maintenance	11	6,300,540	1,132,800.00
General expenses	13	5,650,955	3,813,080.00
Return to CRF			998,250
Total expenses		107,314,487	12,952,530
Net Surplus / (Deficit) for the year		8,261,469	(1,670,300.00)

The Hospital's financial statements were approved by the Board on 25/08/25 and signed on _____


 Chairman
 Board of Management
 P.O. Box 5-703


 Head of Finance
 ACCOUNTANT
 RHAMU SUB-COUNTY HOSPITAL
 P.O. BOX 5-703

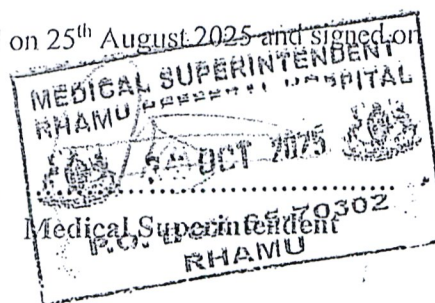
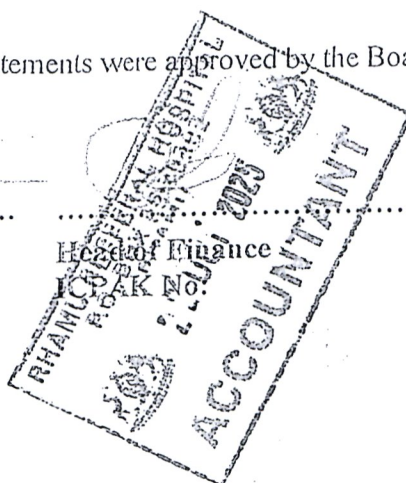
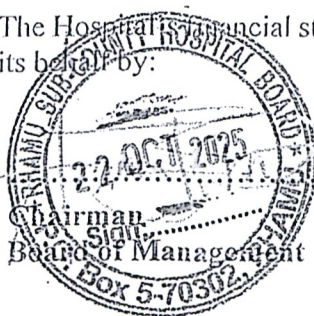

 Medical Superintendent
 RHAMU SUB-COUNTY HOSPITAL
 P.O. BOX 35-703

*Rhamu Sub County Level 4 Hospital (County Government of Mandera)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

15. Statement of Financial Position as at 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	456,050.00	892.00
Receivables from exchange transactions	15	4,621,155.00	0.00
Inventories	16	5,940,894.00	2,623,028.00
Total Current Assets		11,018,099.00	2,623,920.00
Non-current assets			
Property, plant, and equipment		0.00	0.00
Total Non-current Assets		0.00	0.00
Total assets (A)		11,018,099.00	2,623,920.00
Liabilities			
Current liabilities			
Trade and other payables		1,803,010.00	1,670,300.00
Total Liabilities (B)		1,803,010.00	1,670,300.00
Net assets (A-B)		9,215,089.00	953,620.00
Represented by:			
Accumulated surplus/Deficit		9,215,089.00	953,620.00
Net Assets		9,215,089.00	953,620.00

The Hospital's financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:



Rhamu Sub County Level 4 Hospital (County Government of Mandera)
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16.Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023		(2,740,002)		(2,740,002)
Surplus/(deficit) for the year		(1,670,300)	-	(1,670,300)
As at June 30, 2024		(4,410,302)	-	(4,410,302)
At July 1, 2024		(4,410,302)		(4,410,302)
Prior Year Adjustment		5,363,922.00		5,363,922
Surplus/(deficit) for the year		8,261,469.00		8,261,469.00
At June 30, 2025		9,215,089.00	-	9,215,089.00

Note for prior adjustment: Kshs.5,363,922.00 related to financial year 2022/2023 which was a typing error

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,700,000	7,515,000
Rendering of services- Medical Service Income		20,433,705	2,768,980
Total Receipts		23,133,705	10,283,980
Payments			
Medical/Clinical costs		5,736,462	1,955,850
Employee costs		4,221,300	4,205,500
Board of Management Expenses		902,000	0
Repairs and maintenance		6,300,540	480,000
General expenses		5,518,245	3,646,635
Total Payments		22,678,547	10,287,985
Net cash flows from operating activities	43	455,158	(4,005)
Cash flows from investing activities			
Purchase of property, plant, equipment		0.00	0.00
Net cash flows used in investing activities		0.00	0.00
Cash flows from financing activities			
Proceeds from borrowings		0.00	0.00
Net cash flows used in financing activities		0.00	0.00
Net increase/(decrease) in cash and cash equivalents		455,158	(4,005)
Cash and cash equivalents as at 1 July	14	892	4,898
Cash and cash equivalents as at 30 June	14	456,050	892

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		892	892	892	0	100%
Receipts						
Transfers from the County Government	5,000,000	-	5,000,000	2,700,000	2,300,000	90%
Rendering of services- Medical Service Income	23,000,000	-	23,000,000	20,433,705	2,566,295	89%
Total receipts	28,000,000		28,000,892	23,134,597	4,866,295	83%
Payments						
Medical/Clinical costs	6,269,000	892	6,269,892	5,736,462	533,430	91%
Employee costs	5,645,000	-	5,645,000	4,221,300	1,423,700	75%
Remuneration of directors	1,300,000	-	1,300,000	902,000	398,000	69%
Repairs and maintenance	7,250,000	-	7,250,000	6,300,540	949,460	87%
General expenses	7,536,000	-	7,536,000	5,518,245	2,017,755	73%
Total Operational Expenditure paid	28,000,000	892	28,000,892	22,678,547	5,322,345	81%
Capital Expenditure paid	-	-	-	456,050	(456,050)	
Surplus						

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	456,050
Closing Cash and Cash Equivalent as per the statement of Cash flows	456,050

19. Notes to the Financial Statements

1. General Information

Rhamu Sub County Hospital is established by and derives its authority and accountability from Health Act CAP 242. The entity is wholly owned by the County Government of Mandera and is domiciled in Mandera County in Kenya. The entity's principal activity is patient 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 Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There are no impact on financial position</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>

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Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There are no impact on financial position</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There are no impact.</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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Standard	Effective date and impact:
	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 1st 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 1st 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"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *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

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 15th April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

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Annual Report and Financial Statements for The Year Ended 30th June 2025

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

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6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	2,700,000	7,515,000
Total government grants and subsidies	2,700,000	7,515,000

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and Wages	70,632,985.00	0.00
Medical supplies-Drawings Rights (KEMSA)	12,188,111.00	0.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	5,000,000.00	0.00
Total grants in kind	87,821,096.00	0.00

8. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	356,400.00	2,768,980.00
Laboratory	932,900.00	998,250.00
Radiology	428,500.00	0.00
Outpatient	175,400.00	0.00
Public health	268,700.00	0.00
Social Health Authority	22,892,960.00	0.00
Total revenue from the rendering of services	25,054,860.00	3,767,230.00

9. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	179,862.00	46,300.00
Food and Ration	1,475,000.00	1,099,000.00
Non-pharmaceuticals Supplies	3,744,734.00	0.00
Pharmaceutical supplies	11,826,111.00	453,100.00
Health information stationery	2,381,000.00	904,500.00
Total medical/ clinical costs	19,606,707	2,502,900.00

Notes to Financial Statements Continued

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	74,729,685.00	3,971,500.00
Contributions to pension schemes	72,000.00	184,800.00
Staff medical expenses and Insurance cover	52,600.00	49,200.00
Medical officer on locum	0.00	300,000.00
Employee costs	74,854,285.00	4,505,500.00

11. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	0.00	0.00
Sitting allowance	310,000.00	0.00
Induction and training	592,000.00	0.00
Total	902,000.00	0.00

12. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	2,489,000.00	346,800.00
Medical equipment	2,145,100.00	190,000.00
Office equipment	1,132,500.00	190,000.00
Generator maintenance	312,940.00	-
Motor vehicle expenses	221,000.00	406,000.00
Total repairs and maintenance	6,300,540.00	1,132,800.00

Notes to Financial Statements Continued

13. General Expenses

Description	2024/2025	2023/2024
	KShs	KShs
Advertising and publicity expenses	0.00	0.00
Catering expenses	474,000.00	0.00
Bank charges	14,345 .00	10,218.00
Electricity expenses	1,032,710.00	1,338,918
Fuel and Lubricants	1,072,000.00	760,000.00
Travel and accommodation allowance	1,260,000.00	670,000.00
Licenses and permits	30,000.00	0.00
Printing and stationery	1,252,700.00	673,944.00
Water and sewerage costs	440,000.00	360,000.00
Internet expenses	25,200.00	0.00
Bush clearing	50,000.00	0.00
Total General Expenses	5,650,955.00	3,813,080.00

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

Description	Account number	2024/2025	2023/2024
		KShs	KShs
a) Current account			
Equity Bank, etc	266566242	456,050.00	892.00
Sub- total		456,050.00	892.00
Grand total		456,050.00	892.00

Notes to Financial Statements Continued

15. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	4,621,155.00	0.00
Total receivables	4,621,155.00	0.00

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,621,155.00	100%	0.00	0.00

16. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	5,457,094	1,250,000
Food supplies	89,400	50,028
General supplies	394,400	1,323,000
Total	5,940,894	2,623,028

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	2,623,028.00	0.00
Additional Inventory in the year	17,188,111	0.00
Inventory expensed in the year	13,870,245.00	0.00
Closing balance	5,940,894.00	2,623,028.00

Notes to Financial Statements Continued

17. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Bank balances	892.00	0.00	0.00	0.00
Total	892.00	892.00	0.00	0.00
At 30 June 2025		892.00	0.00	0.00
Receivables from exchange transactions	4,621,155		0.00	0.00
Bank balances	456,050.00	4,621,155	0.00	0.00
Total	5,077,205.00	456,050.00	0.00	0.00

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 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.

(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:

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

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year

18. 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.

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from County Government	2,700,000	7,515,000
Total	2,700,000	7,515,000
b) Key management compensation		
Directors' emoluments	902,000	0.00
Total	902,000	0.00

19. Events after the Reporting Period

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

20. Ultimate and Holding Entity

The entity is a County Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Mandera.

21. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion				
1	Inaccuracies in the Financial Statements	Management acknowledges the prior year inaccuracies noted in the financial statements. Corrective measures have since been taken to address these shortcomings which include staff training.	Not Resolved	31 December 2025
2	Non-Disclosure of Property, Plant and Equipment	Management notes the audit observation on the non-disclosure of Property, Plant, and Equipment (PPE). The ownership issue of the hospital assets has not yet been conclusively addressed with the County Government, which owns the hospital.	Not Resolved	31 December 2025
3	Non-Disclosure of Employees Cost Paid by County Government	Management acknowledges the observation on the non-disclosure of employee costs paid directly by the County Government. These costs are currently managed and disbursed at the	Not Resolved	31 December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
		County level, and the hospital does not have direct control over the payroll or related financial records. The Hospital is liaising with the County Treasury to get the correct amounts to disclose.		
Other Information				
1.0	Incorrect Presentation of the Statement of Performance Against Pre- Determined Objectives	Management acknowledges the observation and will review and align the presentation of the Statement of Performance against Pre-Determined Objectives to comply with the prescribed reporting framework subsequently.	Not Resolved	31 December 2025
Other Matter				
1.0	Unresolved Prior Year Matters	The issues are yet to be discussed with the Senate Committee.		
Report On Lawfulness and Effectiveness In Use Of Public Resources				
1.0	Failure to Prepare Estimates of Income and Expenditure	Management acknowledges the observation and will ensure timely preparation of income and expenditure estimates in line with the applicable financial regulations and guidelines.	Not Resolved	31 December 2025
2.0	Deficiencies in Implementation of Universal Health Coverage (UHC)	Management acknowledges the noted deficiencies in the implementation of Universal Health Coverage (UHC) and is working with the County Government and relevant stakeholders	Not Resolved	31 December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
		to address the gaps, strengthen service delivery, and ensure effective realization of UHC objectives.		
2.1	Understaffing of Health Workers	Management acknowledges the challenge of understaffing of health workers and will engaged the County Government and relevant authorities to prioritize recruitment, deployment, and capacity-building to enhance service delivery.	Not Resolved	31 December 2025
2.2	Failure to Offer Essential Services	Management notes the observation on failure to offer certain essential services and is collaborating with the County Government and partners to address the underlying resource and capacity gaps to ensure uninterrupted delivery of critical health services.	Not Resolved	31 December 2025
2.3	Inadequate Operational Equipment	Management acknowledges the inadequacy of operational equipment and is liaising with the County Government and development partners to mobilize resources for procurement, maintenance, and upgrading of essential medical equipment to improve service delivery.	Not Resolved	31 December 2025
Report On the Effectiveness Of Internal Controls, Risk Management And Governance				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Lack of Hospital Management Board	Management notes the observation on the lack of a Hospital Management Board and confirms that a Board has since been constituted and is now in place to provide oversight and strategic guidance.	Not Resolved	31 December 2025
2.1	Lack of Quarterly Revenue Reports	Management acknowledges the observation on the lack of quarterly revenue reports and has put measures in place to ensure timely preparation and submission of these reports going forward.	Not Resolved	31 December 2025
2.2	Weak Revenue Safeguards and Controls	Management has strengthened internal procedures, including enhanced supervision, regular reconciliations, and strict enforcement of accountability measures to safeguard revenue.	Not Resolved	31 December 2025
3.0	Weakness in Issuance and Storage of Medical Supplies	Management acknowledges the weakness in the issuance and storage of medical supplies and has instituted stricter controls, improved record-keeping, and enhanced storage facilities to ensure accountability, security, and proper stock management.	Not Resolved	31 December 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
4.0	Failure to Establish Internal Audit Function and Audit Committee	Management acknowledges the failure to establish an internal audit function and audit committee and confirms that arrangements have been made to utilize the County Internal Audit function and Audit Committee for oversight and assurance is in place.	Not Resolved	31 December 2025
5.0	Lack of Approved Staff Establishment and Scheme of Service	Management acknowledges the lack of an approved staff establishment and scheme of service and will engage the County Public Service Board to develop and approve the same to guide staffing, career progression, and effective human resource management.	Not Resolved	31 December 2025
6.0	Lack of Risk Management Policy and Disaster Recovery Plan	Management notes the observation and confirms that a Risk Management Policy has since been approved	Not Resolved	31 December 2025

MEDICAL SUPERINTENDENT
RHAMU GENERAL HOSPITAL
 2nd OCT 2025 
 P.O. BOX 35-70302
RHAMU
 Medical Superintendent

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity... *County Treasury*

Name of Beneficiary entity... *Rhamu Sub County Hospital*

Confirmation of amounts received by Rhamu Sub County Hospital as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
A0341703-2024/2025/001		1,700,000	0.00	1,700,000	RECEIVED
A0341703-2024/2025/002		1,000,000	0.00	1,000,000	RECEIVED
Total		2,700,000	0.00	2,700,000	

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

Head of Accounts Department - Disbursing Entity: Mandera County Executive

Name *Hansen Edia* Sign *[Signature]*

Head of Accounts Department - Beneficiary Entity: Rhamu Sub County Level 4 Hospital (County Government of Mandera)

Name *Robaid Hansen* Sign *[Signature]*

MEDICAL SUPERINTENDENT
RHAMU REFERRAL HOSPITAL
 7th OCT 2025
 P.O. BOX 35-70302
RHAMU