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REPORT

OF

THE AUDITOR-GENERAL

ON

RUNYENJES SUB - COUNTY HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF EMBU

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RUNYENJES SUB COUNTY HOSPITAL

COUNTY GOVERNMENT OF EMBU

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)

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SHA	Social Health Authority
PHC	Primary Health Care
SHIF	Social Health Insurance Fund
FIF	Facility Improvement Financing
MO	Medical Officer
CHMT	County Health Management Team
HMB	Hospital Management Board
HMT	Hospital Management Team
OPD	Out Patient Department
MOPC	Medical Outpatient Clinic
GOPC	Gynecological Outpatient Clinic
CAE	County Assembly of Embu

2. Key Entity Information and Management

(a) Background information

Runyenjes Sub County Hospital is a level 4 hospital established under gazette notice number Vol. CXXII-24 and is domiciled in Embu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to promote and provide quality integrated curative, preventive, promotive and rehabilitative services.

Vision:
An efficient and high-quality health care system that is accessible and affordable to all

Mission:
To promote and provide quality integrated curative, preventive, promotive and rehabilitative services.

(c) Key Management

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

- County Department of Health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(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:

SN	Designation	Name
1.	Medical Superintendent/CEO	Dr Rahab Muthoni
2.	Hospital Administrator	Dickson Njagi Muriuki
3.	Head of finance	Wilson Mugendi
4.	Head of supply chain	Gideon Makenge
5.	Head of Nursing Department	Beatrice Githangi
6	Head of Clinical Department	Ann Githinji
7	Pharmacist in Charge	Dr Peter Ndungu Mburu
8	Nutritionist in Charge	Mildred Naitore
9	Laboratory Services in Charge	John Munyi

(e) Fiduciary Oversight Arrangements

- Clinical Research, Quality and Standards Committee.
- Audit committee
- Risk Management Committee
- County Assembly
- CHMT
- SCHMT

(f) Entity Headquarters

Runyenjes Sub County Hospital
P.O. Box 193-60103 Runyenjes
Embu - Meru Highway
EMBU KENYA

(g) Entity Contacts

Runyenjes Sub County Hospital
Telephone: (+254) 704713931
E-mail: runyenjesdh@gmail
Website:

(h) Entity Bankers

Co-operative Bank of Kenya
Equity Bank Kenya Limited

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

County Government of Embu
P.O. Box. 140-60100
Embu, Kenya

3. The Board of Management

Ref	Directors	Details
1	 Dr Josephine Kibaru **Chairperson**	Dr Josephine Kibaru is a medical doctor, obstetrician/ Gynaecologist by training, who ventured into health leadership early in her professional life. She is 66years old and served exclusively in the public sector for over 30 years. She worked as an MOH/Medical Superintendent in a district and subsequently as a Director of Family Health at the MOH HQs for 8 years. Dr Kibaru served as the Director General at the Commonwealth Regional Health Secretariat in Arusha for 4 years. Her last tour of duty in the public sector was as the Director General/ CEO of the National Council for Population and Development (NCPD), a state agency under the Treasury and planning. Dr Kibaru served in the governor's task force on health in 2022. Currently, Dr Kibaru works as an independent consultant in health and leadership. She serves in several NGO boards and serves as a mentor for women leaders under the Womenlift Health.
2	 Dr. Peter Rugano **Member**	Dr. Peter Rugano is the Chair, Department of Education and a lecturer of Instructional Technology at University of Embu, Kenya. He holds a PhD in Science Education from Syracuse University in New York, a M.Ed. in Teaching and Curriculum, also from Syracuse University in New York, an M.Sc. in Organisational Behaviour from USIU- Kenya, a B.Ed. (Science) degree from Kenyatta University as well as a Micro-degree in Educational Leadership and Innovation from Tallinn University in Estonia.

		Dr. Rugano is part of a secretariat of the Education Deans Forum, a caucus that is spearheading teacher education reforms at the universities in Kenya. He has over 10 years' university teaching experience in Education. Before joining University of Embu, Dr. Rugano worked as a National trainer at CEMASTEA and as a Teaching Assistant at Syracuse University, NY. His research interests are in Teacher Education and Instructional Technology.
3	 Mr. Harry Njagi Karugu **Member**	Mr Harry is a retired teacher having served as a head teacher for 17 years and a Vice Chairperson for KNUT Embu for 15years. He holds a Diploma in Education Management from KEMI and a P1 Certificate from Egoji Teachers Training College. He Has served in various boards of management for different schools. He is 71 Years of age.
4	 Doris Mwende **Member**	Holds a Diploma in Business Administration

5	 Scholastica Muthoni Njeru **Member**	Holds a Diploma in Management - Project Management option from Kenya Institute of Management
6	 Dr. Rahab Muthoni **Secretary to Board/ Med. Sup.**	Dr. Bernadette Rahab Muthoni is a dedicated and highly experienced senior medical officer with over 10 years of clinical and administrative experience in general medical practice and healthcare management. She holds Bachelor of medicine and Bachelor of surgery (MBChB) with proven track record of delivering high quality patient-centre care in both private and public health care settings. She currently serves as the medical superintendent in Runyenjes level 4 sub county hospital, providing strategic leadership, oversight of clinical services and ensuring the efficient running of hospital operations

4. Key Management Team

Ref	Management	Details
1.	Dr Rahab Muthoni	Medical Superintendent
2.	Dickson Njagi Muriuki	Health Administrative Officer
3.	Beatrice Githangi	Nursing Manager
4.	Esther Njoki Nyaga	Deputy Nursing Manager
5.	Dr Peter Ndungu Mburu	In charge Pharmacy
6.	John Munyi	In charge Laboratory
7.	Ann Nyawira Githinji	In charge Out Patient
8.	Violet Kasyoka	In charge Health Records
9.	Gedion Murithi Makenge	In charge Procurement
10.	Wilson Mugendi	In charge Accounts
11.	Japheth Ndereba Rutere.	In charge Orthotrauma
12.	James Muriithi Ireri	In charge Biomedical Engineering
13.	Mildred Naitore Gichoga.	In charge Nutrition
14.	Duncan K. Kivindu	In charge Occupational therapy
15.	Samwel Kirimi Gitari.	In charge Radiology
16.	Japhet Mwandiki Karangu	In charge Mortuary.
17.	Alex Gacheru Njonde	In charge Anaesthesia
18.	Lewis M. Njeru	In charge Orthopaedic Technology
19.	Prudence Muthanje Njeru	In charge Medical Social Worker

5. Chairperson's Statement

On behalf of the Board of Management, I am pleased to present the Chairman's Statement for the financial year ended 30th June 2025. The past year has been both challenging and trans-formative for our hospital, marked by significant milestones in infrastructure development, improved service delivery, and efforts to strengthen operational efficiency.

Embu County Health Services Act 2024
The enactment of the Embu County Health Services Act of 2024 has brought tremendous benefits by granting hospital-level autonomy over finance and procurement processes. With the ability to ring-fence and directly manage local revenues such as the Facility Improvement Fund, the hospital has been able to promptly address operational needs, maintain uninterrupted supplies, and reduce dependence on delayed county allocations. This autonomy has empowered hospital management teams to efficiently plan, budget, and execute procurement activities, leading to streamlined workflows, improved service delivery, and swifter responses to community health needs.

Revenue Performance

During the financial year, the hospital recorded a modest increase in revenue, driven primarily by enhanced service delivery and improved collection from SHA reimbursements and private patient services. However, delayed disbursements from some funding partners and constraints in internally generated income posed challenges to optimal cash flow. Strategic measures are underway to diversify our revenue streams and improve financial sustainability.

Budget Implementation
Budget execution during the year was moderately successful, with a utilization rate of approximately 91%. Prioritization was given to essential services, staff remuneration, infrastructure development, and procurement of critical medical supplies. However, delays in the release of some funds led to postponement of certain planned activities, underscoring the need for more predictable financing mechanisms moving forward.

Infrastructure Development
One of the key milestones this year was the extension of the maternity block, which is in its final phase of completion. This state-of-the-art facility will significantly increase our capacity to offer maternal and neonatal services in a more dignified and efficient environment.
In addition, the renovation of the rehabilitation centre was finalized, greatly improving the quality of care and accessibility for patients requiring physiotherapy, occupational therapy, and other rehabilitative services. These investments are critical steps toward achieving our long-term vision of becoming a centre of excellence in healthcare provision.

Human Resource and Staffing
Staffing shortages remain a major challenge, particularly in specialized clinical departments and support services. While some progress has been made through short-term contracts and internal re-deployments, there remains an urgent need to recruit and retain skilled personnel to meet the growing patient demand. The Board is engaging relevant government and development partners to address this issue in a sustainable manner.

Way Forward

As we move into the next financial year, the Board remains committed to strengthening the hospital's governance, operational efficiency, and service delivery. Our priorities include:

1. Enhancing staff welfare and capacity through continuous professional development and targeted recruitment.
2. Strengthening partnerships for resource mobilization to support infrastructure expansion and medical equipment upgrades.
3. Implementing a digital health strategy to streamline patient management, data collection, and reporting.
4. Advocating for timely budgetary support and improving internal revenue collection mechanisms.

In conclusion, I wish to extend my sincere gratitude to the hospital management team, healthcare workers, partners, and the entire community for their unwavering support and dedication. Together, we will continue working towards our shared mission of providing accessible, affordable, and high-quality healthcare.

.....

Name: Dr Josephine Kibaru

Chairperson to the Board

6. Report of The Medical Superintendent

I am pleased to present the Medical Superintendent's Statement for the financial year ended 30th June 2025. The year under review was marked by notable progress in clinical operations, infrastructural expansion, and service delivery, despite ongoing challenges, particularly in human resources.

Embu County Health Services Act 2024
Following the enactment of the Embu County Health Services Act of 2024, our hospital has experienced significant improvements in the management of finances and procurement processes. The Act introduced a more structured and transparent financial framework, allowing for timely disbursement of funds and better planning of hospital budgets. This has enabled the hospital to prioritize key areas of need and avoid disruptions in service delivery due to financial delays. In procurement, the Act established clear guidelines and oversight mechanisms that have reduced inefficiencies and enhanced accountability. As a result, the hospital has seen more consistent availability of essential medical supplies and equipment, improved supplier relationships, and overall better value for money in procurement activities.

Clinical Performance and Service Delivery
The hospital experienced steady growth in clinical performance, with an increase in outpatient visits, inpatient admissions, surgical procedures, and maternal deliveries. This improvement is attributed to enhanced service availability, better coordination of clinical departments, and strengthened referral networks. Service delivery was further improved by the acquisition of essential medical supplies and equipment, which helped to reduce turnaround time for diagnostics and supported more efficient patient care. Additionally, the continued dedication and professionalism of our healthcare staff played a crucial role in sustaining quality care under demanding circumstances.

Improved Workload Management and Revenue Growth
The facility recorded an increase in patient workload across most departments, a clear indication of public trust in the quality of our services. While this placed added pressure on existing resources and personnel, it also contributed to increased revenue through SHA reimbursements. Despite the growing demand, we continued to prioritize equitable access, especially for vulnerable groups. Going forward, proper workload redistribution and digital health interventions will be essential to optimize efficiency.

Infrastructure Expansion
A major highlight of the year was the extension of the maternity block, which will significantly increase our bed capacity and improve service provision for expectant mothers. The modern maternity ward will help de-congest other wards and allow us to handle more deliveries in a safer, more dignified environment. This additional capacity will positively impact maternal and child health indicators and will reflect our commitment to achieving universal health coverage targets.
The recent renovation of the hospital's rehabilitation department, including physiotherapy, occupational therapy, and other rehabilitative services, brings significant benefits for both patients and staff. The upgraded facilities will offer a more comfortable, accessible, and modern environment that supports faster recovery and improved patient outcomes. Enhanced equipment and better-designed therapy spaces will enable more effective treatments, while streamlined layouts will improve staff efficiency and reduce wait times. Overall, the renovation will strengthen the quality of care and reinforce the hospital's commitment to patient-centered rehabilitation service

Need for Male and Pediatric Wards
The hospital continues to face serious spatial limitations, particularly the lack of a dedicated male ward and pediatric ward. Male patients are currently referred to County Referral Hospital for lack of a male ward. Similarly, children are admitted alongside adults, which is not ideal for their clinical and psychosocial needs.

The establishment of purpose-built male and pediatric wards is now a top priority to improve patient outcomes, safety, and dignity.

Human Resource Constraints
Human resources remain a critical challenge. We continue to operate with a shortage of medical officers, nurses, specialists, and support staff. The rising workload has further strained our capacity, risking burnout among existing personnel. While there are plans to address these gaps through locum services and temporary contracts, these are not sustainable long-term solutions.

Way Forward
To address the above challenges and sustain our progress, we are focusing on the following strategies:

1) Advocating for recruitment and deployment of additional medical and support staff to match the increasing workload.
2) Lobbying for funding and partnerships to construct male and pediatric wards.
3) Expanding outpatient services and surgical capacity to manage increasing demand more efficiently.
4) Investing in staff welfare and training, especially in emerging health areas such as non-communicable diseases and digital health.
5) Strengthening internal systems for data collection, financial accountability, and patient feedback to inform continuous improvement.

In conclusion, I wish to express my sincere appreciation to the hospital staff, the Board of Management, development partners, and the community for their unwavering support and resilience throughout the year. Together, we will continue working towards a healthier, stronger community.



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Dr. Rahab Muthoni

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Runyenjes Sub County Hospital has Six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY2025. These strategic pillars/ themes/ issues are as follows:

1. Eliminate communicable conditions
2. Halt and reverse increasing burden of non-communicable conditions
3. Reduce the burden of violence & injuries
4. Provide essential medical services
5. Minimize exposure to health risk factors
6. Strengthen collaboration with health-related sectors

Runyenjes Sub County Hospital develops its annual work plans based on the above six pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Runyenjes Sub County Hospital achieved its performance targets set for the FY 2024/2025 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Communicable Conditions	Eliminate communicable conditions	Diarrhea diseases Respiratory Diseases Lack of updates to health workers	Continuous CMEs in the hospital Health Education in all points of MCH, CCC Community sensitization	Conducted CMEs, and Community Outreaches
Non- Communicable Conditions	Halt and reverse increasing burden of non-communicable conditions	Increased Mental Disorders Increased cases of Hypertension and diabetes Inadequate cancer screening	Encourage enrollment to SHA Train staff on new updates on management Provide more stations for cancer	Sensitized patients on SHA registration and offered cancer screening services

		Increased Alcohol and drug abuse	screening e.g OPD Establish substance abuse rehabilitation centers	
Violence and Injuries	Reduce the burden of violence & injuries	Increased Road traffic accidents Increased Gender based violence cases Lack of accident and emergency Centre	Train staff on management of accidents and emergency Encourage community to enroll on SHA Improve on equipment at the minor and major theatres	Encouraged community to registers for SHA
Essential Medical Services	Provide essential medical services	IMCI Lack of reproductive health, orthopedic, ENT, dental clinics Lack of forensic officers Inadequate adolescent health	Provide room for reproductive health services, recruit ENT, dental and Forensic specialists Train staff on current management Community sensitization and education	Factored the hospital needs in the AWP for consideration
Health Risk Factors	Minimize exposure to health risk factors	Poor breastfeeding practice Unsafe sex Obesity	Education on exclusive breastfeeding Community sensitization on family planning and distribution of FP Products Health education on best lifestyle practices	Conducted health promotions on exclusive breast feeding and FP methods and products

			Regular nutrition clinics	
Collaboration with health-related sectors	Strengthen collaboration with health-related sectors	Partnership with water and sanitation sectors Inadequate nutrition	Partner with local self-help groups to provide safe tap water to the hospital.	

8. Corporate Governance Statement

Introduction
Runyenjes Sub County Hospital is committed to upholding high standards of corporate governance, accountability, transparency, and service delivery. The governance framework is designed to support the hospital's mission of providing accessible, affordable, and quality healthcare services.

Appointment of Board Members, Process of Appointment and Removal, Board Size, Diversity, and Charter
The appointment of Board members is conducted in accordance with the guidelines set by the Ministry of Health and the County Government of Embu. Members are appointed through a competitive and transparent selection process that considers professional qualifications, experience, integrity, and representation of key stakeholders.

Process: Appointments are approved by the County Health Executive in consultation with the County Public Service Board. Removal is guided by legal provisions and may occur due to misconduct, incapacity, or breach of terms of reference.

Size: The Board consists of 5-7 members, including representatives from the community, health professionals, and county leadership.

Diversity: The Board promotes gender balance and inclusivity, ensuring representation of youth, persons with disabilities, and various professional backgrounds.

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

Roles and Functions of the Board
In reference to Embu County Health services Act 2024 Sec. 10 the responsibilities of the Board are:
(i) Providing oversight over the administration of hospital
(ii) Promoting the development of the hospital,
(iii) Approving plans and programs for implementing county health strategies in the hospital,
(iv) Approving the hospital budget estimates before submission to the Departments' Accounting officer,
(v) Carrying any other function as assigned by the Executive member.

Induction, Training, and Development
New Board members undergo structured induction programs covering:
1) Hospital operations
2) Governance frameworks
3) Financial management

4) Healthcare regulations

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

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

Number of Board Meetings Held and Attendance
The Board is required to meet at least quarterly, with additional meetings convened when necessary.
In the 2024/2025 period, 4 board meetings were held.
Attendance was over 85%, with individual attendance records documented and reviewed during evaluations.

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

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

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

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

Governance Audit
An independent Governance Audit is supposed to be conducted every two years in accordance with the Mwongozo Code of Governance and Public Sector guidelines. For the year under review no such audit was conducted.

Communication Policy
Runyenjes Sub County Hospital ensures timely, transparent, and accurate dissemination of information to stakeholders, including staff, patients, and the public.

Terms of Reference of Committees

The Board has established various committees including:

1. Finance and Administration Committee
2. Audit and Risk Committee
3. Quality Assurance Committee

Each committee is expected to operate under detailed Terms of Reference (ToRs) that define their scope, responsibilities, and reporting lines.

Policy on Related Party Transactions

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

Conclusion

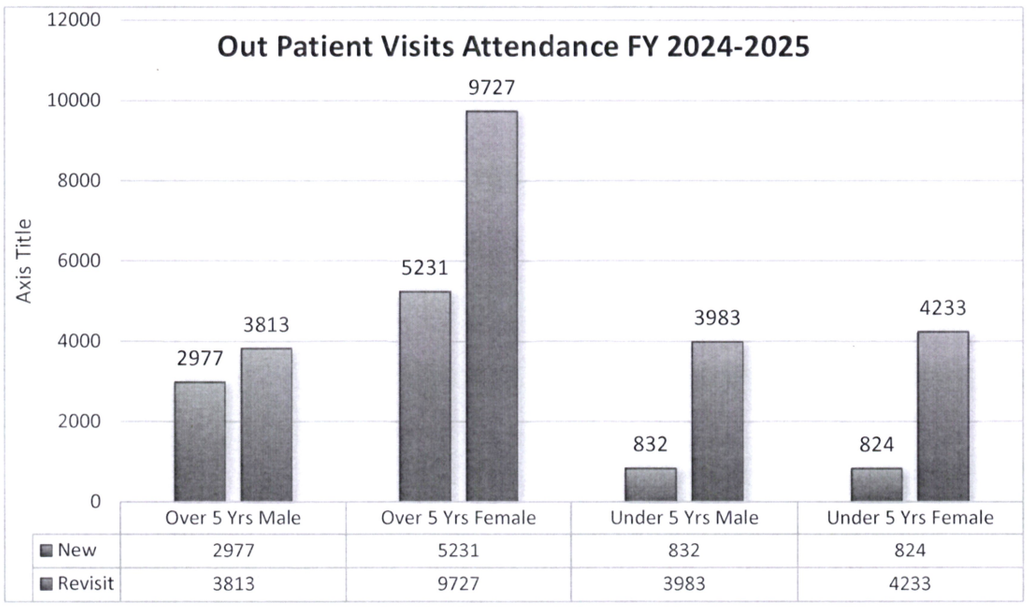
Runyenjes Sub County Hospital is committed to maintaining robust governance systems that support its healthcare mandate. This Corporate Governance Statement reflects adherence to public sector governance standards and continuous improvement for better service delivery.

9. Management Discussion and Analysis

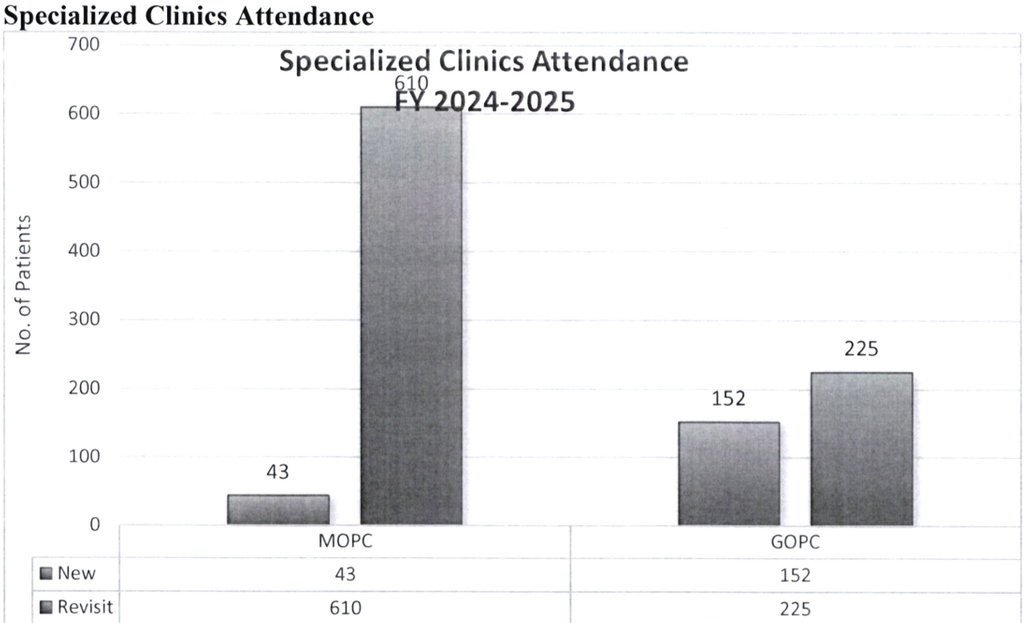
Clinical/operational performance

Out Patient Attendance

For the period under review, the hospital managed to attend to 45,000 patients, 14,320 were new visits and 30,680 revisits in the outpatient department as presented in the bar graph below

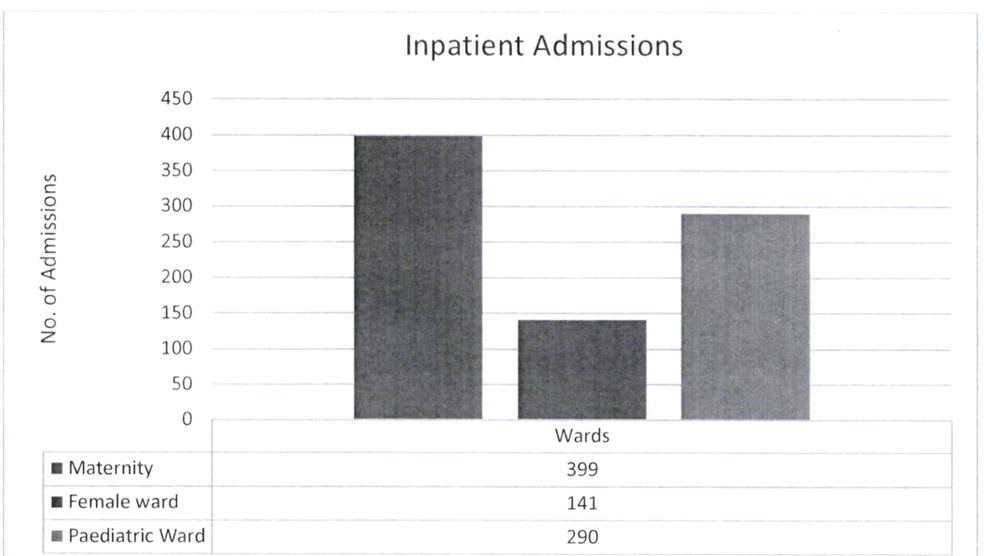


Specialized Clinics Attendance

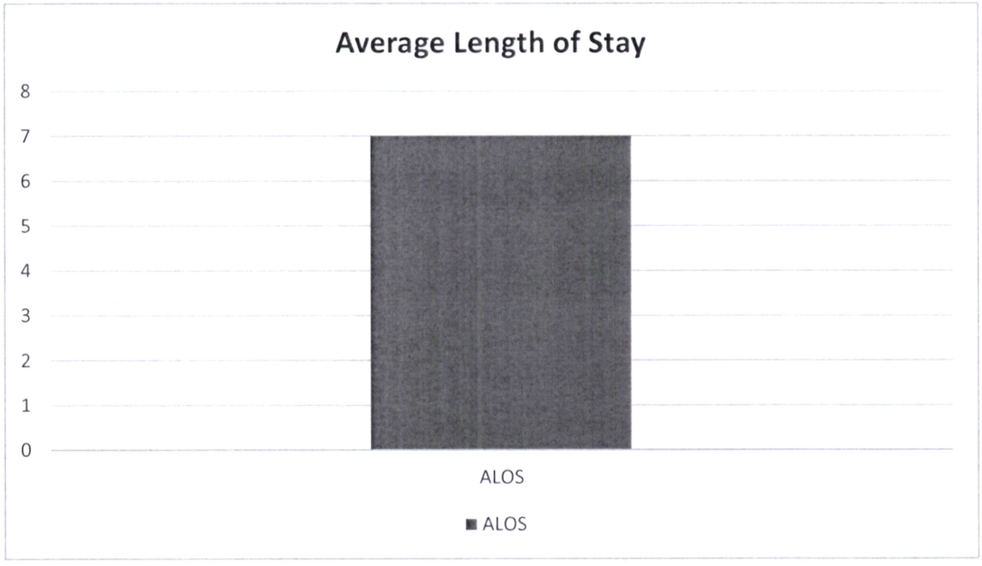


The hospital's bed capacity is 18 beds

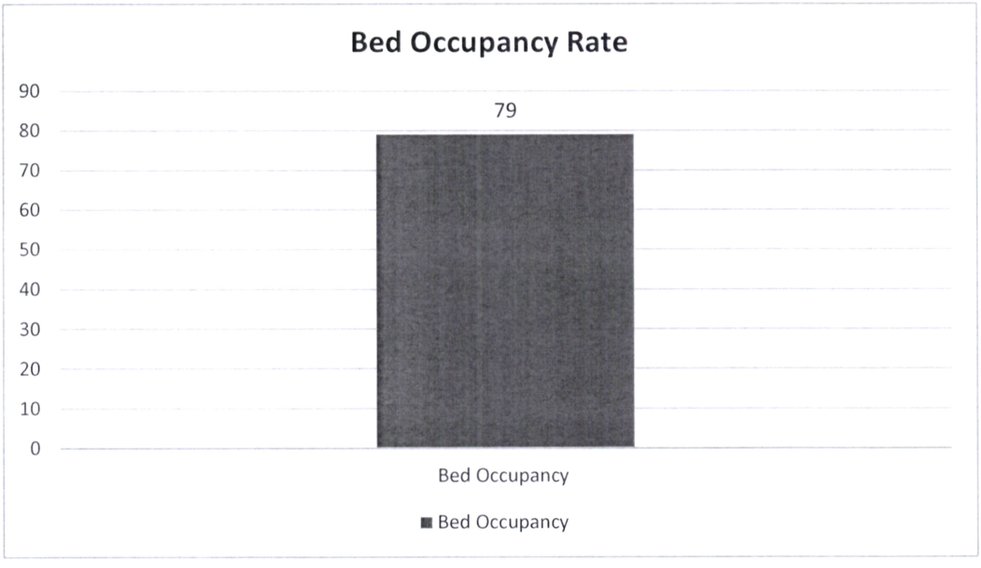
Inpatient Admissions 830



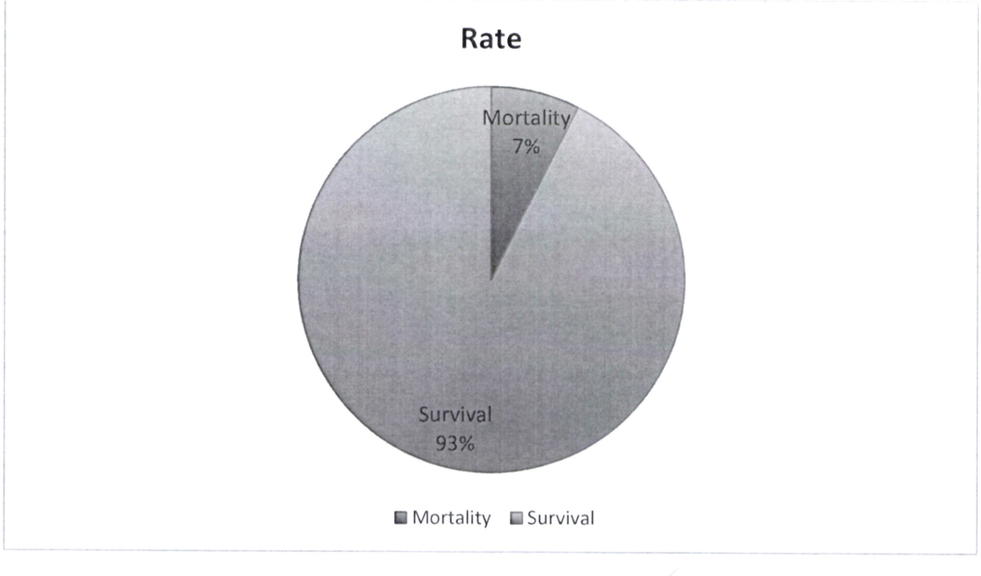
Average length of stay for in patient was 7 days



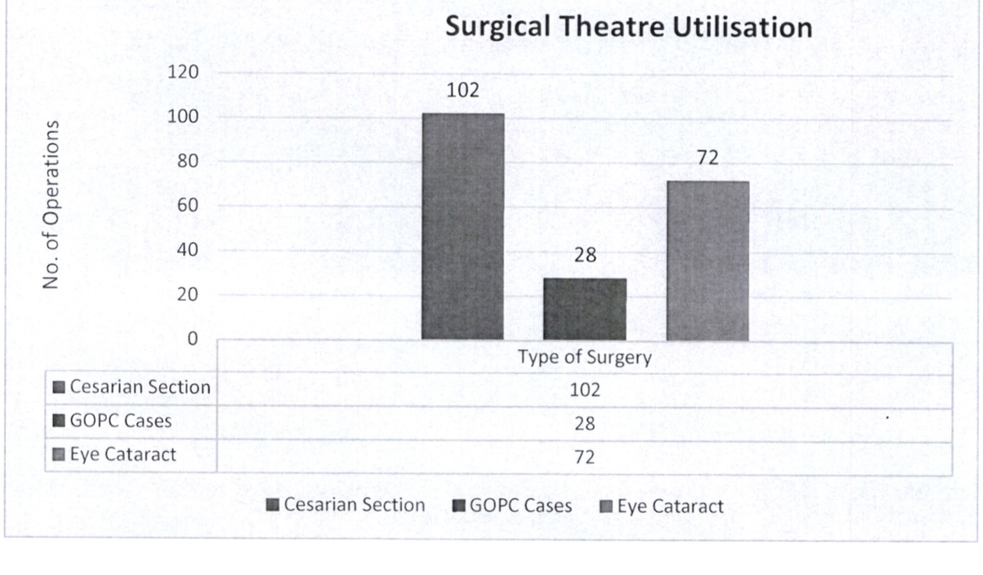
Bed occupancy rate 79%



Mortality rate 7.4%



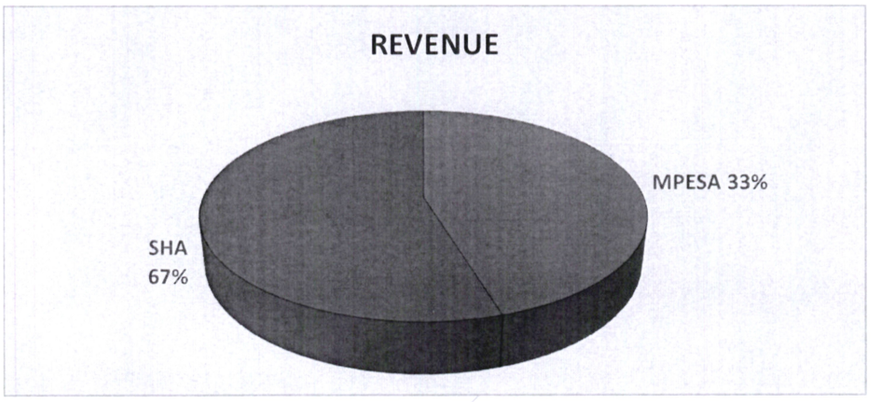
Surgical theatre utilization



Sponsorships and partnerships - Partnered with APDK, CBM and German Cooperation to renovate rehabilitation Centre.

Financial performance: -

For the period under review, the hospital raised total revenue of Ksh.23,765,743, Ksh.15,859,921.00 and Ksh. 7,905,822 was received through SHA reimbursements and Mpesa paybill collections respectively. Making a 67 % and 33% of the total revenue collected.



10. Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

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

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

Key Achievements (2024/2025):

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

Challenges:

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

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

ii) Environmental Performance

The hospital is guided by an Environmental and Sanitation Policy, aligned with the National Environmental Policy (2013). The policy focuses on waste management, energy conservation, water use efficiency, and compliance with NEMA and public health regulations.

Implementation Highlights:

Waste Management: Implemented a 4-bin system for segregation (infectious, non-infectious, sharps, recyclable). Medical waste is treated and disposed of according to KEBS and MoH guidelines.

Biodiversity: Planted trees in the hospital compound.

Eco-Friendly Practices: Reduced plastic bottle usage by introducing refillable water dispensers; digital communication adopted for interdepartmental memos.

Climate Smart Innovations:

Introduced natural ventilation and lighting designs during renovation of the maternity ward.

iii) Employee Welfare

The hospital adheres to inclusive and equitable recruitment practices, aligned with national labor laws and the County Public Service Human Resource Manual. Policies ensure representation across gender, youth, and PWD categories.

HR Practices:

Career Development: Continuous professional development through CPD workshops and sponsored specialized training for nurses and clinical officers

Performance Appraisal: Annual performance contracts appraisals are in place.

Safety and Health: Full compliance with the Occupational Safety and Health Act (2007).

No fatal incidents recorded during the period; two minor injuries managed and documented.

iv) Marketplace Practices

a) Responsible Competition
The hospital upholds transparent open tendering and adheres to the Public Procurement and Asset Disposal Act. The Service Charter is displayed at all service points.

b) Supplier Relations
We honor contracts within 30 days of invoice verification. Suppliers are briefed on procurement timelines and payment processes. All tenders respect the principle of fair competition and supplier feedback is encouraged.

c) Responsible Engagement with Citizens
Public sensitization is conducted through barazas, and community outreaches. Health promotion activities emphasizes service availability, public health, and responsible health-seeking behaviors. Information is also regularly updated on the hospital's noticeboards and bulletin displays.

d) Product Stewardship / Consumer Rights

Patient data is securely stored in line with Data Protection Act (2019).

Feedback mechanisms such as suggestion boxes, patient satisfaction surveys, and a feedback desk are in place.

Regular civic education on SHA, referrals, immunizations, and patient rights is conducted during health talks.

v) Corporate Social Responsibility (CSR) / Community Engagements

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

CSR Activities (2024/2025):

Partnered with Mpesa Foundation to conduct a free medical camp benefiting over 1,000 residents.

Participated in the County Public Budget Forums, contributing to the health sector planning and public prioritization process.

These initiatives not only enhanced health outcomes but also reinforced the hospital's position as a community-centered institution.

Conclusion

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

11. Report of The Board of Management

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

Principal activities

The principal activity/mission/ mandate of the hospital is to promote and provide quality integrated curative, preventive, promotive and rehabilitative services.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 30 to 87

Board of Management

The members of the Board who served during the year are shown on pages (v) to (vii). During the year, the contract for 7 board members ended and 5 board members were appointed with effect from April ,2025

Auditors

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

By Order of the Board

.....

Dr. Rahab Muthoni

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of Runyenjes Sub County Hospital's financial statements, which give it a true and fair view of the state of affairs 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 Runyenjes Sub County Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for Runyenjes Sub County Hospital 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 Embu County Health Services Act 2024. The Board members are of the opinion that the financial statements give a true and fair view of the state of Runyenjes Sub County Hospital's transactions during the financial year ended June 30, 2025, and of its financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Runyenjes Sub County Hospital, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern
Nothing has come to the attention of the Board of management to indicate that the Runyenjes sub-county 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 14th July, 2025 and signed on its behalf by:

.....
Name: Dr. Josephine Kibaru

Chairperson
Board of Management

.....
BENJAMIN M. KIAGO

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 RUNYENJES SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF EMBU

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Runyenjes Sub - County Hospital – County Government of Embu set out on pages 1 to 59, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

In my opinion, except for the 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 Runyenjes Sub - County Hospital – County Government of Embu as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Non-Disclosure of Revenue from Rent of Facilities

The statement of financial performance reflects Nil revenue from rent of facilities. However, physical verification conducted in October, 2025 revealed that staff members were occupying seventeen (17) units of the Hospital's rental houses, with annual revenue of Kshs.609,600. However, the Management did not disclose the rental income in the financial statements for the year under review.

In addition, the Management did not provide for audit review Institutional Housing Committee's minutes on allocation, current occupants, identified damages, approved rates used to bill tenants and payment of utilities for the houses.

In the circumstances, the accuracy and completeness of Nil revenue from rent of facilities could not be confirmed.

2. Inaccurate Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value of Kshs.114,795,896 which includes land, buildings and civil works, plant and medical equipment, furniture fittings, and office equipment, and ICT equipment as disclosed in Note 32 to the financial statements. However, documentary evidence on cost or valuation/revaluation of assets, were not provided for audit. Further, ownership documents for the land on which the Hospital is built and evidence of effort by Management to acquire the title deed for the land, were also not provided for audit review. The statement further, reflects nil biological assets. However, physical verification conducted in October, 2025 revealed various assets which qualify as biological assets but were not disclosed in the financial statements.

In addition, the Hospital Management did not maintain fixed asset register for proper control of its assets.

In the circumstances, the accuracy and completeness of property, plant and equipment net book value of Kshs.111,611,692 and Nil biological and intangible assets balances could not be confirmed.

3. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.867,628 which includes trade payables balance of Kshs.671,090 as disclosed in Note 36 to the financial statements. Review of records provided for audit revealed that included in the payables balance is long outstanding trade payables balance of Kshs.54,000 in respect to water bills which had not been paid since the year 2020. The Management did not provide any plausible explanation as to why the amount had taken too long to settle. Further, the Management did not provide relevant documents for balances brought forward from previous years, putting validity of trade payables into doubt.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.54,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.17,322,419 and Kshs.132,492,561 respectively resulting to an over-funding of Kshs.115,170,142 or 665% of the budget. Similarly, the County Executive spent Kshs.122,359,201 against actual receipts of Kshs.132,492,561 resulting to an under-utilization of Kshs.10,133,360 or 8% of the actual receipts.

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

My opinion is not modified in respect of the above matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non – Compliance with the Public Procurement Capacity Building Levy Order

Management did not provide evidence to confirm that the Hospital Management complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews with Management on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 64 staff requirements or 63% of the 101 authorized establishment as shown below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	2	14	88
Anesthesiologists'	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	1	1	50
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community	75	34	41	55
Health Nurses				
Total	101	37	64	63

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

	Level 4 Hospital Standard	Actuals in the Hospital	Variance	(%)
Service Beds	150	36	114	76
Resuscitative (2 in Labor and 1 in Theatre	3	0	3	100
New Born Unit Incubators	5	2	3	60
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 and General	2	1	1	0

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

In the circumstances, the Hospital is likely to fail in its quest to deliver on its mandate.

3. Non-Adherence to Data Protection Requirements

Interviews conducted revealed that the Hospital has not registered with the Data Commissioner which poses a risk on the protection of sensitive information. The Company is therefore in breach of the Section 18(1) the Data Protection Act, 2019 which states that Subject to sub-section (2), no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

4. Irregular Deduction and Retention of Facility Improvement Fund by the County Government

The statement of financial performance reflects general expenses amount of Kshs.2,060,698 which includes 3% FIF administration expense amount of Kshs.712,972 as disclosed in Note 21 to the financial statements. This expense represents Kshs.516,434 in respect to realized 3% Administrative charges deducted at the County Health Directorate with an outstanding amount of Kshs.196,538 for the financial year under review. However, the three percent (3%) of the Facility Improvement Fund (FIF) collections charged as administrative expenses by the County Government is contrary to Section 5 (1) of the Facilities Improvement Financing Act, 2023 states that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

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

5. Lack of Facility Improvement Financing Account

The statement of financial position reflects cash and cash equivalents balance of Kshs.592,874 as disclosed in Note 27 to the financial statements. However, review of bank account records revealed that the Hospital does not have a facility improvement financing account contrary to the requirement of Section 5(2) of the Facility Improvement Financing Act, 2023 which states that there shall be opened a facility improvement financing account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility. In addition, audit revealed that the Management of the Hospital does not have any control over the Embu County Health Facility Improvement Fund Account held at Equity Bank Ltd into which all monies raised or received by or on behalf of the Hospital is illegally transferred contrary to the requirement of Section 5(1) of the Facility Improvement Financing Act, 2023 which stipulates that there shall be retention of all monies raised or received by or on behalf of all public health facilities. In the circumstances, the Management was in violation of Section 20(2) of the Facility Improvement Financing Act, 2023 which states that the mandatory signatories to the bank accounts shall be the Medical Superintendent and the Hospital Administrator.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of a Strategic plan and Operational Plan

The facility did not have an approved strategic plan to guide its operations, resource allocation, and performance monitoring. As a result, activities are being implemented without a structured framework for achieving long-term Institutional goals.

In the circumstances, the effectiveness and efficiency of implementation of programmes could not be confirmed.

2. Non-Functional Procurement Unit

Review of procurement documents revealed that the Hospital does not have an independent procurement unit. Audit has revealed that all procurement of goods works and services are done centrally at the County Executive headquarters contrary to Section 13(a) of the Facilities Improvement Financing Act, 2023 which states that each Sub-County Health Management Team shall, in relation to facility improvement financing support health facility management teams in preparing annual and quarterly operational plans, including their respective budgets and procurement plans.

In the circumstance, the processes could take longer time and efficiency of service delivery affected.

3. Lack of Audit Committee

Review of Hospital's internal control systems revealed that the Hospital did not have an audit committee contrary to Regulation 167(1) of the Public Finance Management (County Government) Regulations, 2015 which states that Subject to paragraph (2) of this Regulation, each County Government entity shall establish an Audit Committee.

In the circumstances, the Hospital did not benefit from the oversight role and advice from the Audit Committee and the internal audit function.

4. Lack of Risk Management Policy, Information Communication Technology Policy and Disaster Recovery Plan

Review of records and interview with Key Management revealed that the Hospital did not have in place, a risk management policy and did not perform formal risk assessments on all key financial risk areas such as revenue, expenditure and fraud review. Further, the Hospital did not have a disaster recovery plan and information communication technology policy in place to guide continuity of services in case of disruptions.

In the circumstances, existence of risk management strategies, internal controls in fraud prevention and services continuity could not be confirmed.

5. Lack of Approved Staff Establishment, Financial Management Policies and Procedures and Human Resource Manual

Review of the staff records showed that the Hospital had a total sixty-four (64) members of staff (permanent), eleven (11) members of staff (Contractual) and eighteen (18) members of staff (Casual). However, the Hospital did not have a staff establishment approved by the Hospital Management Committee. The audit also revealed that the Institution did not have an updated and approved Human resource manual in place.

In the circumstances, Management may not know the optimal staffing level required to deliver on the Hospital's mandate and wage bill.

6. Incomplete Data on Payroll Management

Review of the Staff bio data revealed that necessary information including Ethnicity, Gender, Disability, was not captured in the payroll. In view of this we could not confirm compliance with law on ethnicity, gender, inclusivity of people living with disability and National Cohesion and Integration Act. Also, the data had only captured gross salary of the employees hence could not confirm compliance with a third basic pay rule.

In the circumstances, incomplete payroll data may lead to losses through overpayments, non-compliance with laws on payroll management and misstatements in the financial statements.

7. Irregular Composition of Board Members

Review of Board's records revealed that none of the Board Members is a financial expert contrary to paragraph 1.1.6 of Mwongozo code of Conduct under Governance principles which states that at least one Board Member should be a financial expert with necessary qualifications and expertise in financial management or accounting and is a bona-fide member of a professional body regulating the Accountancy profession, and in compliance with the requirements thereof.

In addition, none of the Members of the Board was nominated to represent a joint forum of faith-based organizations or two representatives representing the interest of the vulnerable and marginalized communities, one of whom shall be a person with disability contrary to Section 17(1) of the Facilities Improvement Financing Act, 2023.

Further, the Hospital has six Board Members contrary to Section 17(1) of the Facilities Improvement Financing Act, 2023 which states that the Health Facility Management Committee shall consist of not less than seven and not more than nine Members.

In the circumstances, oversight role of the Board of Management may not be effective.

8. Lack of Segregation of Duties in Processing of Financial Transactions

Review of the payments processing system revealed that the same officer was responsible for initiating, authorizing, recording, and executing payments.

In the circumstances, internal control system over processing of payments is weak due to lack of internal check arising from lack of clear segregation of duties and could lead to misappropriation of assets and misstatements in the financial statements.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and 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

24 November, 2025

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

Description	Note	Period Ended 30th June, 2025 Kshs	Period Ended 30th June, 2024 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	-
In- kind contributions from the County Government	7	94,459,776	-
Grants from donors and development partners	8	13,289,967	
Transfers from other Government entities	9	0	-
Public contributions and donations	10	0	-
		107,749,743	**-**
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	23,765,743	-
Revenue from rent of facilities	12	0	-
Finance /Interest Income	13	0	-
Miscellaneous Income	14	0	-
Revenue from exchange transactions		23,765,743	**-**
Total revenue		**131,515,486**	**-**
Expenses			
Medical/Clinical costs	15	12,911,892	-
Employee costs	16	106,259,776	-
Board of Management Expenses	17	700,400	
Depreciation and amortization expense	18	4,304,602	-
Repairs and maintenance	19	426,255	-
Grants and subsidies	20	0	-
General expenses	21	2,060,698	-
Finance costs	22	0	-
Total expenses		**126,663,803**	**-**
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	-

Description	Note	Period Ended 30th June, 2025 Kshs	Period Ended 30th June, 2024 Kshs
Unrealized gain on fair value of investments	24	0	-
Medical services contracts Gains/Losses	25	0	-
Impairment loss	26	(0)	-
Gain on foreign exchange transactions		0	-
Total other gains/(losses)		**0**	-
Net Surplus / (Deficit) for the year		**4,851,683**	-

(The notes set out on pages x to xx form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14th July, 2025 and signed on its behalf by:

.....	.....	.....
Dr. Josephine Kibaru	**Wilson Mugendi**	**Dr. Rahab Muthoni**
Chairperson	**Head of Finance**	**Medical Superintendent**
Board of Management	**ICPAK No: 12164**	

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

Description	Note	Period Ended 30th June, 2025	Period Ended 30th June, 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	592,874	10,391,860
Prepayments	28	0	0
Receivables from exchange transactions	29	5,722,400	7,026,933
Receivables from non-exchange transactions	30	0	0
Inventories	31	6,287,984	4,169,823
Total Current Assets		**12,603,258**	**21,588,616**
Non-current assets			
Property, plant, and equipment	32	114,795,896	119,100,498
Intangible assets	33	0	0
Investment property	34	0	0
Biological Assets	35	0	0
Total Non-current Assets		**114,795,896**	**119,100,498**
Total assets (A)		**127,399,154**	**140,689,114**
Liabilities			
Current liabilities			
Trade and other payables	36	867,628	54,000
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		**867,628**	**54,000**
Non-current liabilities			
Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0

Description	Note	Period Ended 30th June, 2025	Period Ended 30th June, 2024
		Kshs	Kshs
Non - Current portion of borrowings	41	0	0
Service concession Arrangements	42	0	0
Total non-current liabilities		**0**	**0**
Total Liabilities (B)		**867,628**	**54,000**
Net assets (A-B)		**126,531,526**	**140,635,114**
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		4,851,683	14,322,419
Capital Development Grant		121,679,843	126,312,695
Net Assets		126,531,526	140,635,114

The Hospital's financial statements were approved by the Board on 14th July, 2025 and signed on its behalf by:

.....	.....	.....
Dr Josephine Kibaru **Chairman** **Board of Management**	**Wilson Mugendi** **Head of Finance** **ICPAK No: 12164**	**Dr. Rahab Muthoni** **Medical Superintendent**

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, 2024 (previous year)	-	-	-	
Revaluation gain	-	-	-	
Surplus/*(deficit)* for the year	-	-	-	
Capital/Development grants	-	-	-	
As at June 30, 2024 (previous year)	-	-	-	-
At July 1, 2024 (current year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		4,851,683		4,851,683
Capital/Development grants		-	121,679,843	121,679,843
At June 30, 2025(current year)		4,851,683	121,679,843	**126,531,526**

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

Description	Note	Period Ended 30th June, 2025	Period Ended 30th June, 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		94,459,776	-
Grants from donors and development partners		13,289,967	-
Transfers from other Government entities		0	-
Public contributions and donations		0	-
Rendering of services- Medical Service Income		23,765,743	-
Revenue from rent of facilities		0	-
Finance / interest income		0	-
Miscellaneous receipts(*specify)*		0	-
Total Receipts		**131,515,486**	**-**
Payments			
Medical/Clinical costs		12,911,892	-
Employee costs		106,259,776	-
Board of Management Expenses		700,400	-
Repairs and maintenance		426,255	-
Grants and subsidies		0	-
General expenses		2,060,878	-
Finance costs		0	-
Refunds paid out		0	-
Total Payments		**122,359,201**	**-**
Net cash flows from operating activities	43	**9,156,285**	**-**
Cash flows from investing activities			
Purchase of property, plant, equipment		0	-
Purchase of intangible assets		0	-
Proceeds from the sale of PPE		0	-

Acquisition of investments		0	0
Net cash flows used in investing activities		**(0)**	**-**
Cash flows from financing activities			
Proceeds from borrowings		0	-
Transfer to County Treasury (CRF)		(10,393,010)	
Repayment of borrowings		(0)	-
Capital grants received		0	-
Net cash flows used in financing activities		**(10,393,010)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(1,236,725)**	**-**
Cash and cash equivalents as at 1 July		10,391,860	-
Cash and cash equivalents as at 30 June	27	592,874	**-**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	0	0	0	0	0	0
Receipts						
Transfers from the County Government	0	0	0	0	0	0
In- kind contributions from the County Government				94,459,776	(94,459,776)	0
Grants from donors and development partners	0	0	0	14,267,042	(14,267,042)	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Medical Service Income	14,322,419	3,000,000	17,322,419.0	23,765,743	(6,443,324)	137%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Miscellaneous receipts (*specify)*	0	0	0	0	0	%
Total receipts	14,322,419	3,000,000	17,322,419.0	132,492,561	(115,170,142)	765%
Payments						
Medical/Clinical costs	11,442,419	2,038,700	13,481,119	12,911,892	569,227	96%
Employee costs	0	0	0	106,259,776	(106,259,776)	0
Remuneration of directors	200,000	374,400	574,400	700,400	-126,000	122%
Repairs and maintenance	493,200	-20,000	473,200	426,255	46,945	90%
Grants and subsidies	0	0	0	0	0	0
General expenses	2,186,800	606,900	2,793,700	2,060,878	732,822	74%
Finance costs	0	0	0	0	0	0
Refunds	0	0	0	0	0	0
Total Operational Expenditure paid	**14,322,419**	**3,000,000**	**17,322,419**	**122,359,201**	(105,036,782)	706%

Capital Expenditure paid						
Surplus				**10,133,360**	**(10,133,360)**	

Original budget passed by the CAE was Kshs.14,322,419 did not factor and in-kind contributions from the County Executive and grants.

Most development projects were not implemented during the year under review due to resource constraints.

Budgeted Medical Service Income of Kes. 14,322,419 increased to Actual medical service income of Kes. 23,765,743 *due to most patients registered with SHA.*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	10,133,360
1	Actual Surplus Amounts as per the statement of Budget did not include Depreciation Expense on PPE.	4,304,602
2	NHIF claims accrued bill for year under review has not been realised	4,164,710
3	Reason for differences	0
4	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	592,874

19. Notes to the Financial Statements

1. General Information

Runyenjes Sub County Hospital is a level 4 hospital established under gazette notice number Vol. CXXII-24 and is domiciled in Embu County under the Health Department. The hospital is governed by a Board of Management.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and 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	***Applicable 1st January 2025*** 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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.
IPSAS 45- Property	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,

Standard	Effective date and impact:
Plant and Equipment	infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	***Applicable 1st January 2026*** 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.

Standard	Effective date and impact:
IPSAS 48-Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49-Retirement Benefit Plans	***Applicable 1st January 2026*** 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	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: 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 any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *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, Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of ***Ksh.3000,000*** on the FY 2024-2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants *(specify)*	0	0
	0	0
Conditional grants	0	0
User fee forgone	0	**0**
Transforming health services for Universal care project (THUCP)	0	**0**
DANIDA	0	**0**
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	**0**	0

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Period Ended 30th June, 2024
			KShs	KShs	KShs
Embu County Government	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Salaries and wages	94,459,776.00	
Medical supplies-Drawings Rights (KEMSA)	0	
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	
Utility bills	0	
Total grants in kind	**94,459,776.00**	

(These include payments made directly by the County Governments for staff salaries. These have been recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Cancer Centre grant-DANIDA	0	0
Global Fund	1,041,256	0
USAID	118,987	0
Jamii Tekelezi Staff cost	3,400,000	0
UHC Staff Salaries	8,400,000.00	
AMREF	93,069	0
CHAI	86,985	0
UNFPA	149,670	0
Total grants from development partners	**13,289,967**	**0**

*(*There were grants received by Runyenjes Sub County Hospital during the year under review from USAID, MoH, AMREF,CHAI and UNFPA .Global Fund provided programme drugs to combat Malaria, TB, ARVs and Contraceptives to the Hospital during the year under review. We had staff members seconded to the hospital by the MOH through the UHC programme.*)*

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Period Ended 30th June, 2024
	KShs	KShs	KShs	KShs	KShs
Donor	13,289,967	0	0	13,289,967	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	13,289,967	**0**	**0**	13,289,967	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	**0**	**0**

10. Public Contributions and Donations

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(*specify)*	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	**0**	**0**

(*There was no revenue from public contributions and Donations*)

10 (a)Reconciliations of amortised grants

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Balance unspent at beginning of year	**0**	**0**
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	**0**	**0**

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Pharmaceuticals	1,500,045	0
Non-Pharmaceuticals	454,240	0
Laboratory	1,885,820	0
Radiology	394,800	0
Orthopaedic and Trauma Technology	14,300	0
Theatre	125,780	0
Ear Nose and Throat service	1,800	0
Nutrition service	434,800	0
Dental services	1,500	0
Farewell home services	88,400	0
Inpatient	888,757	0
Outpatient	51,850	0
EYE	56,480	0
MCH	130,250	0
Records	1,874,500	0
Physiotherapy	2,500	0
Other medical services income-NHIF/ SHA	15,859,921	0
Total revenue from the rendering of services	**23,765,743**	0

(Other medical services fee relates to other charges not categorized and was received from NHIF/SHA)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	**0**	**0**

13. Finance /Interest Income

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	**0**	**0**

14. Miscellaneous Income

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
Others (Specify)	0	0
Total Miscellaneous income	**0**	**0**

Notes to the Financial Statements (Continued)
15. Medical/ Clinical Costs

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Dental costs/ materials	-	0
Laboratory chemicals and reagents	1,577,989	0
Public health activities	-	0
Food and Ration	3,581,474	0
Uniform, clothing, and linen	-	0
Dressing and Non-Pharmaceuticals	2,545,351	0
Pharmaceutical supplies	5,038,278	0
Health information stationery	-	0
Reproductive health materials	-	0
Sanitary and cleansing Materials	78,800	0
Purchase of Medical gases	90,000	0
X-Ray/Radiology supplies	-	0
Other medical related clinical costs (*specify*)	-	0
Total medical/ clinical costs	**12,911,892**	**0**

16. Employee Costs

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Salaries, wages, and allowances	106,259,776.00	0
Contributions to pension schemes		0
Service gratuity		0
Performance and other bonuses		0
Staff medical expenses and Insurance cover		0
Group personal accident insurance and WIBA		0
Social contribution		0
Other employee costs *(specify)*		0
Employee costs	**106,259,776.00**	**0**

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Chairman's Honoraria	-	0
Sitting allowance	326,000.00	0
Mileage	-	0
Insurance expenses	-	0
Induction and training	374,400.00	0
Travel and accommodation allowance	-	0
Airtime allowances	-	0
Total	**700,400.00**	**0**

18. Depreciation and Amortization Expense

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Property, plant and equipment	**4,304,602**	0
Intangible assets		0
Investment property carried at cost		0
Total depreciation and amortization	**4,304,602**	**0**

19. Repairs And Maintenance

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Property- Buildings	73,000.00	0
Medical equipment		0
Office equipment	18,000.00	0
Furniture and fittings		0
Computers and accessories	210,255.00	0
Motor vehicle expenses	125,000.00	0
Maintenance of civil works		0
Total repairs and maintenance	**426,255.00**	**0**

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(*specify*)	0	0
Total grants and subsidies	**0**	**0**

21. General Expenses

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	0	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	32,696.00	0
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	737,230.00	0
Fuel and Lubricants	300,000.00	0
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	164,600.00	0
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	0	0
Printing and stationery	20,000.00	0
Hire charges	0	0

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Rent expenses	0	0
Water and sewerage costs	12,000.00	
Skills development levies	0	0
Telephone and mobile phone services	27,200.00	0
Internet expenses	54,000.00	0
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
3% FIF Administration Expense	712,972	0
Total General Expenses	**2,060,698**	**0**

22. Finance Costs

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	**0**	**0**

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

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (*specify*)	0	0
Total gain on sale of assets	**0**	**0**

Notes to the Financial Statements (Continued)

24. Unrealized Gain On Fair Value Investments

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Investments at fair value	0	0
Total gain	**0**	**0**

25. Medical Services Contracts Gains /Losses

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	**0**	**0**

26. Impairment Loss

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	**0**	**0**

Notes to the Financial Statements (Continued)

27. Cash And Cash Equivalents

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Current accounts	**592,874**	10,391,860
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(*specify*)- Mpesa Paybill No.587070	0	0
Total cash and cash equivalents	**592,874**	**10,391,860**

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

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

Description		Period Ended 30th June, 2025	Period Ended 30th June, 2024
Financial institution	**Account number**	**KShs**	**KShs**
a) **Current account**			
Co-operative Bank	01141408462200	0.3	4,776,780
Co-operative Bank	01141408462201	530,028.04	5,615080
Equity Bank, etc	1350285753166	54,511.05	
Sub- total		**584,539.39**	
b) On - call deposits			
Kenya Commercial bank	0	0	
Equity Bank – etc	0	0	
Sub- total	**0**	**0**	
c) Fixed deposits account	0	0	
Bank Name	0	0	
Sub- total	**0**	**0**	
d) Others(*specify)*	0	0	
cash in hand	0		
Mobile money- Mpesa, Paybill No. 587070	0	8,335	
Sub- total	**0**		
	0		
Grand total		**592,874**	**10,391,860**

30. Receivables From Non-Exchange Transactions

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (*non-exchange transactions*)	0	0
Less: impairment allowance	0	0
Total	**0**	**0**

Analysis of Receivables From Non-Exchange Transactions

Description	Period Ended 30th June, 2025		Period Ended 30th June, 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0		0	
Between 1- 2 years	0		0	
Between 2-3 years	0		0	
Over 3 years	0		0	
Total (a+b)	**0**		**0**	

31. Inventories

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Pharmaceutical supplies	2,937,351	1,472621
Non-Pharmaceutical supplies	3,061,203	1,395,035
Maintenance supplies	0	0
Laboratory supplies	289,430	735,795
Food supplies	0	224,262
Linen and clothing supplies	0	0
Cleaning materials supplies	0	342,110
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	**6,287,984**	**4,169,823**

28. Prepayments

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

29. Receivables From Exchange Transactions

Description	**Period Ended 30th June, 2025**	**Period Ended 30th June, 2024**
	KShs	**KShs**
Medical services receivables-NHIF	4,164,710	7,026,933
Medical services receivables-SHA	1,557,689	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total receivables	**5,722,400**	**7,026,933**

Analysis of Receivables From Exchange Transactions

Description	**Period Ended 30th June, 2025**		**Period Ended 30th June, 2024**	
	Kshs		**Kshs**	
	Current FY	**% of the total**	**Comparative FY**	**% of the total**
Less than 1 year	5,722,400	100%	0	0
Between 1- 2 years	0		0	0
Between 2-3 years	0		0	0
Over 3 years	0		0	0
Total (a+b)	**5,722,400**	**100%**	**0**	**0**

Detailed disclosure on inventories

	Period Ended 30th June, 2025	Period Ended 30th June, 2024
Opening balance	4,169,823	0
Additional Inventory in the year	14,940,053	0
Inventory expensed in the year	12,821,892	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	6,287,984	0

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	-	2%		12.5%	30%	12.5%			
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
At 30th Jun 2024	27,000,000	79,605,100	-	300,000	3,500,000	13,000,000	-	-	123,405,100
At 1 July 2024(current year)									
Additions									
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
At 30th Jun 2025	27,000,000	79,605,100	-	300,000	3,500,000	13,000,000	-	-	123,405,100

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	-	2%		12.5%	30%	12.5%			
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation and impairment									
At 1 July 2023 (previous year)									
Depreciation for the year	-	1,592,102	-	37,500	1,050,000	1,625,000	-	-	4,304,602
Disposals									
Impairment									
At 30 June 2024	-	1,592,102	-	37,500	1,050,000	1,625,000	-	-	4,304,602
At July 2024 (current year)	-	1,592,102	-	37,500	1,050,000	1,625,000	-	-	4,304,602
Depreciation	-	1,592,102	-	37,500	1,050,000	1,625,000	-	-	4,304,602
Disposals									
Impairment									
Transfer/adjustment									
At 30th June 2025	-	3,184,204	-	75,000	2,100,000	3,250,000	-	-	8,609,204

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	-	2%		12.5%	30%	12.5%			
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Net book values									
At 30th Jun 2024 (previous)	27,000,000	78,012,998	-	262,500	2,450,000	11,375,000	-	-	119,100,498
At 30th Jun 2025(current)	27,000,000	76,420,896	-	225,000	1,400,000	9,750,000	-	-	114,795,896

33. Intangible Assets-Software

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Cost	**0**	
At beginning of the year	0	
Additions	0	
Additions–Internal development	0	
Disposal	0	
At end of the year	**0**	
	0	
Amortization and impairment	0	
At beginning of the year	0	
Amortization for the period	0	
Impairment loss	0	
At end of the year	0	
NBV	**0**	

34. Investment Property

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
At beginning of the year	**0**	**0**
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (*where investment property is at cost*)	0	0
Impairment	0	0
At end of the year		

35. Biological Assets

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	**0**	**0**

36. Trade and other Payables

Description	Period Ended 30th June, 2025		Period Ended 30th June, 2024	
	KShs		KShs	
Trade payables	671,090		54,000	
3% FIF Administration fee on Accrued Income	196,538			
Employee dues	0		0	
Third-party payments *(e.g. unremitted payroll deductions)*	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	**867,628**		**54,000**	
Ageing analysis:	**Current FY**	**% of the Total**	**Comparative FY**	**% of the total**
Under one year	**813,628**	90%	0	%
1-2 years	**54,000**	10%	**0**	%
2-3 years	**0**	%	**0**	%
Over 3 years	**0**	%	**0**	%
Total	867,628	**100%**	**0**	**%**

37. Refundable Deposits from Customers/Patients

Description	Period ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Medical fees paid in advance	0	0
Credit facility deposit	0	0
Rent deposits	0	0
Others (*specify*)	0	0

Total deposits	**0**		**0**	
Ageing analysis:	**Period Ended 30th June, 2025**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	**0**	**0**	**0**	
1-2 years	**0**	**0**	**0**	
2-3 years	**0**	**0**	**0**	
Over 3 years	**0**	**0**	**0**	
Total	**0**	**0**	**0**	

38. Provisions

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

39. Finance Lease Obligation

Description	**Period Ended 30th June, 2025**	**Period Ended 30th June, 2024**
	Kshs	**Kshs**
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	**0**	**0**

40. Deferred Income

Description	**Period Ended 30th June, 2025**	**Period Ended 30th June, 2024**
	KShs	**KShs**
Current Portion	0	0
Non-Current Portion	0	0
Total	**0**	**0**

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Balance at beginning of the period	**0**	**0**
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	**0**	**0**

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

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	**0**	**0**

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	**0**	**0**
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	**0**	**0**

43. Cash Generated from Operations

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Surplus for the year before tax	4,851,683	0
Adjusted for:		
Depreciation	4,304,602	0
Non-cash grants received	(0)	0
Impairment	0	0
Gains and losses on disposal of assets	(0)	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working Capital adjustments		
Increase in inventory	(2,118,161)	0
Decrease in receivables	1,304,533	0
Increase in deferred income	0	0
Increase in payables	813,628	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	**9,156,285**	**0**

44. Financial Risk Management

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	**0**	**0**	**0**	**0**
At 30 June 2025(current year)				
Receivables from exchange transactions	5,722,399	5,722,399	0	0
Receivables from –non-exchange transactions	0		0	0
Bank balances	98,712	98,712	0	0
Total	**5,821,111**	**5,821,111**	**0**	**0**

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	**0**	**0**	**0**	**0**
At 30 June 2025				
Trade payables	0		867,628	867,628
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	**0**	0	867,628	867,628

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(*liability*)	**0**	**0**	**0**

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	0	0
USD	10%	0	0
2025 (current year)			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2025: KShs.0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2024 – KShs 0).

iv) Capital Risk Management

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

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	4,851,683	0
Capital reserve	121,679,843	0
Total funds	126,531,526	0
Total borrowings	0	0
Less: cash and bank balances	(98,712)	(0)
Net debt/ (*excess cash and cash equivalents*)	0	0
Gearing	0%	0

45. Related Party Balances

Nature of related party relationships

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

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

i) The National Government;

ii) The County Government;

iii) Board of Directors;

iv) Key Management

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	**0**	**0**
b) Grants from the Government		
Grants from County Government	94,459,776	94,459,776
Grants from the National Government Entities	8,400,000	8,400,000
Donations in kind	0	0
Total	**102,859,776**	**102,859,776**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	**0**	**0**
d) Key management compensation		

Description	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Directors' emoluments	700,400	0
Compensation to the medical Sup		0
Compensation to key management		0
Total	**103,560,176**	**103,560,176**

46. Segment Information

(Runyenjes Sub County Hospital does not operates in different geographical regions or in departments,)

47. Contingent Liabilities

Contingent liabilities	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	Kshs	Kshs
Court case xxx against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	**0**	**0**

(Give details)

48. Capital Commitments

Capital Commitments	Period Ended 30th June, 2025	Period Ended 30th June, 2024
		Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	**0**	**0**

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

The entity is a County Corporation under the Department of Health. Its ultimate parent is the County Government of Embu.

51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report.

(ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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Accounting Officer
Dr. Rahab Muthoni

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity EMBU COUNTY DEPARTMENT OF HEALTH

Name of Beneficiary entity RUNYENJES SUB COUNTY HOSPITAL

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FY2024-2025	07/10/2024	2,126,810		2,126,810	
FY2024-2025	19/12/2024	3,293,420		3,293,420	
FY2024-2025	17/02/2025	1,472,158		1,472,158	
FY2024-2025	01/04/2025	4,865,335		4,865,335	
FY2024-2025	26/06/2025	1,070,625		1,070,625	
Total		**12,828,348.00**		**12,828,348.00**	

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

Head of Accounts Department - Disbursing Entity:

Name ..... Sign ..... Date .....

Head of Accounts Department - Beneficiary Entity:

Name ..... Sign ..... Date.....

Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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