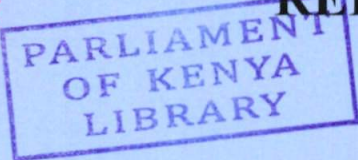


REPUBLIC OF KENYA



86

REPORT

OF

THE AUDITOR-GENERAL

ON

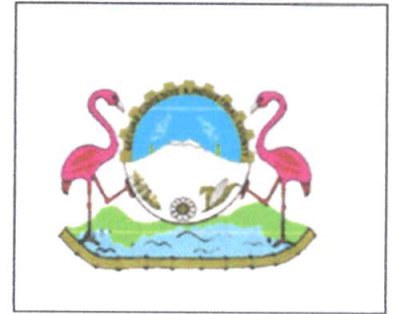
KERINGET LEVEL 4 SUB – COUNTY
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	24/02/2026
TABLED BY	W. E. G. M.
COMMITTEE	
CLERK AT THE TABLE	CH. G. R. O. P.

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KERINGET SUB COUNTY HOSPITAL

(Nakuru County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iv
3. The Board of Management	viii
4. Key Management Team	xii
5. Chairman’s Statement	xv
6. Report of The Medical Superintendent	xvii
7. Statement of Performance Against Predetermined Objectives	xix
8. Corporate Governance Statement	xxx
9. Management Discussion and Analysis	xxxiii
10. Environmental And Sustainability Reporting	xxxix
11. Report of The Board of Management	xliii
12. Statement of Board of Management’s Responsibilities	xliv
13. Report of the Independent Auditor (Keringet sub county hospital)	xlvi
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30 th June 2025	3
16. Statement of Changes in Net Asset for The Year Ended 30 June 2025	5
17. Statement of Cash Flows for The Year Ended 30 June 2025	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	8
19. Notes to the Financial Statements	11
20. Appendices	59

1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

BMI	Body mass index
CCC	Comprehensive Care Clinic
CEO	Chief operating officer
CHV	Community Health Volunteers
CME	Continuous medical education
CSR	Corporate social responsibility
CSR	Corporate Social Responsibility
EMR	Electronic Medical register
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
FY	Financial year
HIV	Human immunodeficiency virus
HMB	Hospital management board
HMIS	Hospital management information system
HMT	Hospital management team
ICPAK	Institute of certified public accountant
ICT	Information communication Technology
IPSAS	Institute of public sector accounting standards
KQMH	Kenya quality model of health
MED SUP	Medical Superintendent
MOU	Memorandum of understanding

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

NHIF	National hospital insurance fund
OSHA	Occupational Health & Safety Act
PFM	Public financial management
PFMA	Public Financial Management Act
PMTCT	Prevention of child transmission
SOP	Standard operating procedure
TB	Tuberculosis
TT2	Tetanus
UTJ	USAID Tujenge jamii

(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

Keringet Sub County Hospital is a level 4 hospital established under gazette notice number 7619 of 2021 and is domiciled in Kuresoi South in Nakuru County under the Health Department. The hospital is governed by a Board of Management.

It is located along the Molo – Olenguruone Road passing across the western Mau Forest. It sits on land that measures approximately 2.36 ha. The catchment population is both rural and semi urban based, with a number of clients served being referred in from the neighbouring public (Level 1-3 Facilities) and private facilities. The catchment area population as provided by the county level population segment estimates is as follows:

Sno	Description	Population Proportion	Estimated Number
1	Population total		12714
2	Population Female	50.20	6382
3	Population Male	49.80	6331
4	Households	4.50	572
5	Population under 1 year	3.20	407
6	Population under 5 years	14.00	57
7	Population under 15 years	44.40	5645
8	Population 15-24 years	20.42	2596
9	Women of childbearing age (15–49yrs)	23.53	2991
10	Estimated Number of Pregnant Women	3.166	403
11	Estimated Deliveries	3.074	391
12	Estimated live births	3.0741	391
13	Neonates 0- 28 days	1.20	153
14	Population 25-59 years	50.50	6421
15	Population over 60 years	4.90	623
16	Estimated Emergency obstetric complications	0.75	95
17	Estimated of post abortion cases	0.75	95
18	Population 6-11 Months (50% of <1yrs)		358
19	Population 12-59 Months (80% of < 5yrs)		2504
20	Population 6-59 Months (90% of < 5yrs)		2817

(b) Principal Activities

The principal mission/ mandate of the Keringet Sub County Hospital is to provide patient-centred healthcare with excellence in quality, service, and access.

The services offered include:

- ✓ Maternal Child Health
- ✓ Family Planning
- ✓ Radiology (Ultrasound)
- ✓ Curative Services (outpatient and inpatient)
- ✓ HIV Care (CCC)
- ✓ Maternity Services
- ✓ Laboratory Service

(c) Key Management

Keringet Sub County Hospital management is under the following key organs:

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

(d) Fiduciary Management

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

No.	Designation	Names
1	Medical Superintendent	Mr. Gilbert Kirui
2	Health Administrative Officer	Mr. Nelson Koskei
3	Hospital Accountant	Ms. Daphean J Biwott
5	Clinical Officer in Charge	Ms. Edith Chepkemai Mutai
6	Laboratory technician in Charge	Ms. Christine Chepkirui
7	Public Health Officer	Mr. Kool Solomon Nkaiseremi
8	MCH In Charge	Mrs. Juliana Kilel

9	Nursing Officer in Charge	Ms. Fanice Moraa
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(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

(i) The County Assembly,

Pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

(ii) The Controller of budget.

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

(iii) County executive committee.

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

(iv) Internal Auditor Department.

The internal Audit Department of the County Government of Nakuru ensures that the internal controls exist and are adhered

(v) The internal Audit reports to the county Audit Committee.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 9-20131
Molo-Olenguruone Road
Keringet, KENYA

(g) Entity Contacts

Telephone: (+254) 720998582
E-mail: keringetsubcountyhospital@gmail.com
Website: <https://nakuru.go.ke/>

(h) Entity Bankers

Cooperative Bank
P.O Box 2982-20100
Nakuru

(i) Independent Auditors

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

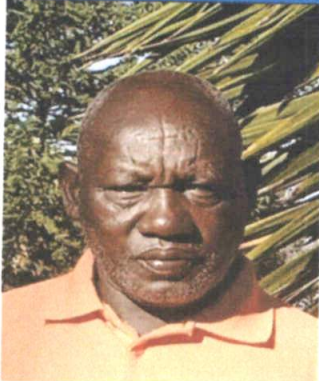


j) Principal Legal Adviser



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

k) County Attorney


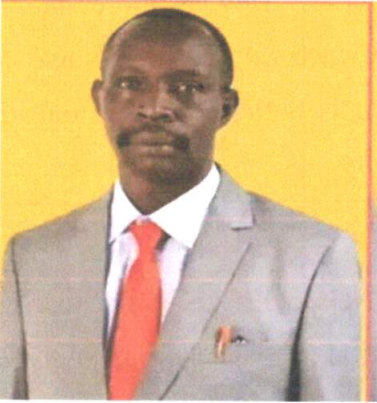
The county Attorney
New Town Hall Building
P.O. Box. 2870-20100
Nakuru Ken

3. The Board of Management


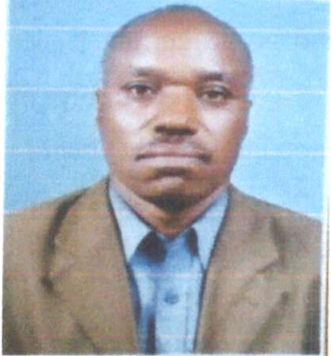

Ref	Directors	Details
1.	 <p>Mr. Ezekiel Terer</p>	<p>Mr. Ezekiel Terer is the chairman of the Hospital Management committee. He was born in 1959. Mr Terer holds a bachelor's degree in public health. He served the public for 30 years in different capacities as a public health officer until his retirement. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023.</p>
2.	 <p>Ms. Georgina Tarus</p>	<p>Ms. Georgina Tarus is the vice chair of the board of management and also represents the interest of women. Born in 1983, Ms. Tarus holds a Diploma in Human Resource management. She has worked for 15 years as a human resource officer in different companies and currently a farmer. She was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023</p>
3.		<p>Mr Gilbert Kirui is the secretary of the hospital management committee and the Hospital In-Charge. Born in 1985, Gilbert holds Bachelor Degree in nursing From Egerton University. He has more than 15 years' experience working as a Nurse in different hospitals both within and outside</p>




	<p>Mr Gilbert Kirui</p>	<p>Nakuru County. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023.</p>
4.	 <p>Mr. Wesley Ngeno</p>	<p>Mr. Ngeno is a member of Hospital management committee. Born in 1960, Wesley has a diploma in statistics. He worked at Telkom Kenya as a statistician for 10 years before venturing into farming which he does to date. He is a member of finance committee and also represents people with disability. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023</p>
5.	 <p>Mr. Rashid Ramadhan</p>	<p>Mr. Rashid Ramadhan is a member of the hospital management team. Born in 1988, Mr Ramadhan is a form four graduate. He is an astute business man and a farmer in Keringet. He represents the interest of the youth. He was appointed to the board on 24th November 2023 vide gazette notice number 16123</p>


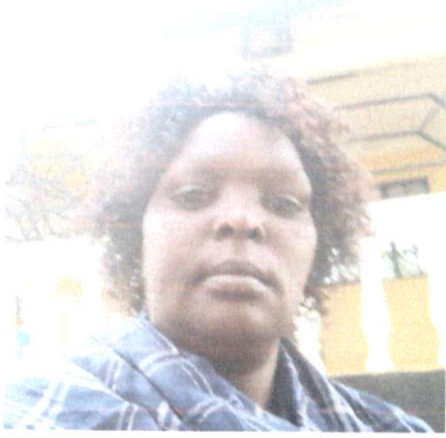
<p>6.</p>	 <p>Rev. Richard Ruto</p>	<p>Rev. Richard Ruto is member of the hospital management committee. Born 1982, He holds a diploma in theology. He has 15 years serving the church as a reverend. He represents the faith based organisations and is also a member of the infrastructure committee. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023</p>
<p>7.</p>	 <p>Nicholas Kiplagat Cherutich</p>	<p>Nicholas Kiplang'at 41 years, holds a Bachelor of Arts degree in Communication and Linguistics. He has gained experience in the banking sector at Barclays Bank (2010-2012) and in media with Nation Media Group (2012-2015). He later transitioned to public service, working with the County Government of Nakuru in the Health Department as an Administrator (2015-2022) and currently serving as the Public Service Management (PSM) Officer since 2022. Nicholas is also the Kuresoi South Sub-County Administrator in the Health Department and serves as an Ex-Officio member of the board.</p>

<p>8.</p>	 <p>Kipyego Korir</p>	<p>Kipyegon Korir holds a Diploma in Nursing from St. Clare; Kaplong School of Nursing, 1999. He is currently serving as the Sub County Team Lead for Kuresoi South. Independent board member. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023.</p>
<p>9.</p>	 <p>Hon William Mutai</p>	<p>Hon Wiliam Mutai is the current MCA of Keringet Ward. He is an Ex-Officio Member of the board of Keringet sub county hospital. He holds master's in Education (Geography) and is the current leader of the majority at the county assembly of Nakuru. He was appointed to the board on 24th November 2023 vide gazette notice number 16123 of 2023</p>

4. Key Management Team

Ref	Management	Details
1.	 <p>Gilbert Kirui</p>	<p>Mr Gilbert Kirui is the chairperson of the hospital management team and the Hospital In-Charge. He holds Bachelor Degree in nursing Gilbert holds Bachelor Degree in nursing From Egerton University. He has more than 15 years' experience working as a Nurse in different hospitals both within and outside Nakuru County.</p>
2.	 <p>Mr. Nelson Koskei</p>	<p>Mr. Nelson Koskei is the secretary of the Hospital Management team and He is also the health administrative office of the hospital.He holds a diploma in business Management.</p>
3.	 <p>Ms. Fanice Moraa</p>	<p>Ms. Fanice Moraa is a member of HMT and Maternity in Charge. She holds a diploma in nursing.</p>

4.	 <p>Daphean Biwott</p>	<p>Ms. Daphean Biwott is a member of the HMT and also the hospital accountant. She holds MBA (Strategic Management) from Kenyatta University, Bcom (Accounting) from Egerton University and a CPA Finalist.</p>
5.	 <p>Ms. Christine Chepkirui</p>	<p>Ms. Christine Chepkirui is a member of HMT also serves as the Medical Lab Technician in charge. She hold a diploma in medical lab Technology.</p>
	 <p>Mr. Kool Solomon Nkaiseremi</p>	<p>Mr. Kool Solomon Nkaiseremi is a member of HMT the Public Health officer in Charge. He hold a diploma in public health.</p>

	 <p>Mrs. Juliana Kilel</p>	<p>Mrs. Juliana Kilel is a member of HMT and also MCH in charge. She holds a diploma in Nursing.</p>
	 <p>Mrs. Edith Chepkemai Mutai</p>	<p>Mrs. Edith Chepkemai Mutai is a member of the HMT and is the Clinical officer in charge. She holds a diploma in Clinical medicine.</p>

5. Chairman's Statement

It is my pleasure to present the hospital 2024/2025 annual report and financial statements. The Board of management is proud of the achievements realized by the hospital in this period towards accomplishing the 2010 Kenya constitution by giving the best health care attainable to all who seek services in our hospital.

I am particularly impressed by the positive attitude of our staff coupled with their commitment to delivering the best possible services to patients.

Keringet sub county hospital as a public hospital low volume level 4 offers the best services as per its level with the limited infrastructure and services to the community at large. These services include maternity, lab diagnostic services, outpatient, pharmacy, CCC, TB, MCH/ANC among others.

During the year, the County Government department of health Services facilitated the completion of the stalled male ward that had stalled for many years hindering service. The county department of health facilitated the equipping of the female ward with 20 beds which will go a long way in the operationalization of service provision after the launch of the inpatient department.

We are also grateful to the county department for the purchase of a standby generator to be used at the facility. As you know Kuresoi South experience a lot of power outages due to bad weather and has led to non-provision of critical services to the patients which require power.

In the pursuit of better provision of services at our maternity, we were able to construct additional washrooms at the maternity for the post-delivery client which was funded by FIF. This is particularly important in giving our mothers clean and comfortable environment after delivery.

Despite the great successes that the hospital achieved this year, we have also experienced quite a number of challenges. Inadequate human resource for a level 4 hospital tops the list. Others are inadequate drugs, high wage bill for the contracted staff and lack of the x-ray department which has seen increase in the number of referrals to other neighboring health facilities.

As we move forward in the next financial year, the hospital looks forward to constructing an x-ray room and purchase of x-ray machine which will boot the revenue of the hospital. This project which

will cost an estimated 6 million will be funded by the ward fund and the budget has already been approved. The hospital is looking forward to an efficient reimbursement of SHA claims as requested to ensure timely provision of services to the patients.

Despite the many challenges, the hospital is proud of maternity services since it's the leading income and it's the backbone of the hospital under the NHIF/SHA/ Linda Mama reimbursement programme.

Acknowledgement

On behalf of the Board, I would like to thank all the stakeholders especially the County Government of Nakuru, the ministry of health and development partners for the support they continued to accord the hospital without which our achievements would not have been realized. As we move forward, I would like to express my gratitude to Keringet Sub county hospital Hospital Health management Team and the Board, who take such pride in their work, and who exemplify our hospitals mission and values each day.

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



.....
Name: Ezekiel K. Terer

Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2024/25.

The report highlights the hospitals operational and financial performance as well as our strategic direction.

Operational Performance

Keringet sub county hospital provides both preventive and curative services (inpatient maternity and outpatient) with limited services as it is a low volume level 4 hospital. To meet our patients' needs, we have staff working in different departments covering the said services even though more staffs are needed so that the hospital is Compliant with Kenya Quality Model for Health Requirement for a level 4 hospital and to ensure our clients receive the best of care in a timely and efficient manner. In FY 2024/25, the hospital attended to 27, 968 patients of whom 1,121 were inpatients up from 21,657 recorded in FY 2023/2024 which is attributed to free medical services through SHA.

During the year, the hospital in a bid for better management of dispensing of drugs using the FEFO method upgraded digitalization health management system to EMR 2.X through the support of the ICT department who also supplied us with 3 computers to help in the digital health management..

We also received significant support from the County Government of Nakuru, including a delivery bed, 20 beds for the newly completed male and female ward. Additionally, we received a supply of drugs that helped boost our stock levels.

Financial Review

The In kind contribution from the county government of Nakuru for the financial year 2024/25 totalling Kshs. 31,693,075. A total of ksh. 20,600,850 was paid as personnel emoluments to the hospital staff, ksh. 10,932,255 of medical drugs supply and ksh. 160,000 of electricity consumed at Keringet sub county hospital was paid by the county department of health.

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being revenue generated from SHA/NHIF claims.

During the year under review, the hospital generated Kshs. 9,348,532 against a target of Kshs.

8,683,920. This is a growth of 41% over and above the previous year's internally generated revenue.

Challenges Faced:

1. Resource Constraints:

Despite the successes, resource constraints remained a challenge, affecting the hospital's capacity to invest in advanced technology and maintain optimal staffing levels.

- 2. Healthcare Staff Shortages:** The healthcare sector continued to face shortages of skilled medical professionals, leading to workload challenges. The county however is working on increasing the workforce to enable us provide patient centered care.

The Way Forward:

- 1. Resource Mobilization:** We will actively seek partnerships and funding opportunities to address resource constraints and invest in advanced medical technology.
- 2. Workforce Development:** We will continue to prioritize staff training and recruitment efforts to address healthcare staff shortages. We will pester the county management until they employ more staff to ease the strain.

In conclusion, Keringet sub county Hospital remains committed to providing high-quality healthcare services to our community. Despite the challenges, we have made significant progress and are more than ever determined to overcome obstacles to ensure a brighter healthcare future for the region. We will continue to work tirelessly to meet our mission of provided integrated quality health services for all.

Acknowledgment

Thanks to the hundreds of patients who serve as a testament to the continuous love, care and support that we offer and the commitment of our staff. We are indebted to our stakeholders and sponsors for their kindness and support and contributions to Keringet sub county Hospital.



.....

Name: Gilbert Kirui
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Keringet sub county hospital has 5 strategic pillars and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars issues are as follows:

Pillar 1: To minimise exposure to health risk factors

Pillar 2: To provide essential medical services

Pillar 3: To halt and reverse Increasing burden of non-communicable diseases

Pillar 4: To reduce the burden of violence and injuries

Pillar 5: To eliminate communicable conditions.

Keringet sub county hospital develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan. The hospital achieved its performance targets set for the FY 2024/2025 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Minimise exposure to health risk factors.	-To reduce risk of mother to child transmission. -To increase the number of pregnant mothers receiving TT2 plus. -To establish the number of	-HIV+ Pregnant mothers receiving preventive ARV’s to reduce risk of mother to child transmission(PM TCT) -Number of pregnant mothers receiving TT2 plus immunization.	1.HIV/AIDS - intensify identification of HIV new positive clients and increase testing; -strengthen linkage mechanisms. - Do differentiated care. - Train more personnel on HIV care and ensure defaulter-tracing mechanisms are in place.	-HIV testing was increased. -Through differentiated care, defaulter rate was reduced by 7% and retention was increased. -Defaulter tracing mechanisms were put in place.

	<p>HIV clients on ARV's. -To determine the number of TB patients with HIV.</p>	<p>-Number of eligible HIV clients on ARVs -Number of TB patients tested for HIV</p>	<p>-Encourage CCC clients on SHA enrolment</p>	<p>-CHP's were trained on HIV care.</p>
	<p>-To ensure all TB treatment complete -To identify number of HIV+ patients with TB -To ensure all TB patients are identified and put on treatment.</p>	<p>-Number of TB patients completing treatment. -Number of TB Patients completing treatment. -Number of TB Patients tested for HIV.</p>	<p>2.TUBERCULOSIS Health Educate community on importance of early TB screening. -Ensure proper counseling on adherence -Provide support in defaulter tracking activities -construct modern OPD. -Ensure timely availability of ANTI-TB DRUGS</p>	<p>-Defaulter rate was reduced to 1%. -Death rate was reduced to 5%. -Treatment success rate improved to 95%. -All patients with TB were tested for HIV.</p>

	<ul style="list-style-type: none"> -To reduce over the counter prescription. -To increase the uptake of Pneumococcal vaccine in at 6, 10 and 14 weeks 	<ul style="list-style-type: none"> -Over the counter uptake of drugs. -Uptake of pneumococcal vaccine. 	<p>3.UPPER RESPIRATORY TRACT INFECTION/PNEUMONIA</p> <ul style="list-style-type: none"> -Create awareness on health seeking behaviors -Educate patients on importance of seeking health services in the facilities -Ensure adequate supply of drugs through proper planning and forecasting 	<ul style="list-style-type: none"> -Over the counter uptake of drugs have been reduced significantly. -Uptake of Pneumococcal vaccine has significantly increased.
<p>Pillar 2: Halt and reverse increasing burden of non-communicable conditions.</p>		<ul style="list-style-type: none"> -Number of new outpatients found with high blood pressure. -Number of adult OPD clients with BMI of more than 25. 	<p>1. HYPERTENSION</p> <ul style="list-style-type: none"> -Create awareness to the community -screen all persons for hypertension(outreaches) -trace defaulters -Avail subsidized drugs -Integration of nutrition services in outreaches (nutrition awareness) -Health education on management of stress, 	

			weight control and fitness Establishment of fitness centres especially in urban centres	
	-To strengthen nutrition counselling among patients with diabetes. -To establish support groups for diabetic patients.	-Number of adult OPD clients with BMI of more than 25.	2.DIABETES organize quarterly community outreaches -sensitize on importance of regular reviews - support defaulter tracing -avail specialized physician of diabetic -Strengthen nutrition counselling. -Purchase adequate drugs -Health education in the community -Establishment of support groups Early screening Health Education and counselling	- Support groups were established through the support of Medtronic. -Nutrition counselling increased through CHP'S

	<p>-To detect cervical cancer in women of productive age at early stages.</p>	<p>-Number of women of reproductive age screened for cervical cancer.</p>	<p>3.CANCERS (a) Early referrals/palliative care (b) Increase cervical cancer screening services through outreaches (c) Employ gynaecologist (d) Avail cancer screening equipment and commodities (e) Funds to mark cancer month (f) Avail reporting tools</p>	<p>Screening of cervical cancer was done at MCH, Maternity and CCC to women of reproductive age. -Cervical cancer screening was increased through outreaches. -</p>
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<p>Pillar 3:</p> <p>Reduce the burden of violence & injuries</p>	<p>-To reduce the number of deaths through RTA.</p> <p>-To strengthen preparedness on emergency and disaster management.</p> <p>-</p>	<p>-Number of new outpatient cases attributed to road traffic accidents.</p>	<p>1.ROAD ACCIDENTS</p> <p>A–Strengthen emergency & disaster preparedness Team.</p> <p>b-Revive the Emergency Committee</p> <p>- Equip the crush box & emergency tray& a buffer stock.</p> <p>-Purchase badges for the emergency & disaster preparedness team.</p> <p>-Capacity builds staff on emergency preparedness.</p> <p>- involve stakeholders in the transport sector by advocating for good road infrastructure, skills development for cyclists.</p> <p>c)-Sensitize the police on importance of timely Communication to the hospital in case of accidents /disasters.</p> <p>-Schedule</p>	<p>-Police officers were sensitized importance of timely Communication to the hospital in case of accidents /disasters.</p> <p>-</p>
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<p>Pillar 4. Provide essential medical services</p>	<p>To reduce mortality rate in women due to excessive bleeding. -To reduce the economic constraints on families raising many young children at the same time. To manage the weight of children under the age of 5. -To reduce mortality rate of children under the age of 5 due to malnutrition.</p>	<p>-Number of women of reproductive age receiving family planning commodity.</p>	<p>1. POOR CHILD SPACING</p> <ul style="list-style-type: none"> - Health educate the community on PNC and increase health talks at the facility level - Create awareness and Scale up integrated outreaches. - Advise community on social cultural beliefs on FP methods - Avail free MNCH/FP services 	<p>-Health talk on PNC at the facility was increased. -Education on family planning methods conducted regularly at PNC -Free MNCH/FP services availed. A total of 1614 clients received family planning.</p>
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			<p>quarterly meetings with the police</p> <p>Department and KRCS to address challenges</p> <ul style="list-style-type: none">- Incorporate the police in the disaster & emergency preparedness team- Sensitize the police to ensure all drivers/riders are compliant	
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	<p>-To identify the number of children under the age of 5 who are underweight.</p> <p>-To identify the number of children under the age of 5 who are stunted.</p>	<p>Number of children under five years of age attending child welfare clinics who are under weight</p> <p>Number of children under five years of age attending child welfare clinics who are stunted.</p>	<p>2.MALNUTRITION (UNDERWEIGHT, STUNTING, WASTING)-</p> <p>Strengthen community participation in Exclusive breastfeeding</p> <p>-Health Education on proper complementary feeding, continued breastfeeding to two years</p> <p>-Iron Folic supplementation in adolescents</p> <p>-Male involvement in Child Care</p> <p>-Growth Monitoring and Promotion ,Vit A Supplementation, Deworming till 5years</p>	<p>-Education on importance of exclusive breast feeding done.</p> <p>- Health Education on proper complementary feeding continued breastfeeding to two years done at MCH.</p> <p>-Growth monitoring of children attending CWC done. There was zero number of malnourished children recorded.</p> <p>-Distribution of deworming pills done at surrounding schools A total of 6,903 children received</p>
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				deworming pills.
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<p>Pillar 5: Strengthen collaboration with health- related sectors</p>	<p>-To educate the community on solid waste management. -To educate the community on proper drainage management.</p>	<p>-Number of households with hand washing facilities -Number of households with functional toilets</p>	<p>1. INADEQUATE SANITATION -Constitute a solid waste management committee & liaise with NEMA and public health departments. - Educate the community on improving drainage system. - Educate the community on the importance of maintaining high levels of hygiene. -Concerned authorities i.e. Sub county planning department to improve planning and proper construction of buildings within the catchment -Construct a modern incinerator.</p>	<p>-Educating the community on the importance of maintaining high levels of hygiene done through CHP's. - Repairs of the burning chamber was done and put in use.</p>
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8. Corporate Governance Statement

Keringet sub county hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Nakuru County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members appointed by the governor of Nakuru County. The Appointed Board of Management is held accountable and responsible for the efficient and effective governance of the hospital. The current members were appointed in November 24th, 2023 by the County Executive Committee Member for Health vide Gazette Notice Vol.CXXV-No.249.

The members of the board represent various groups as follows:

<i>Chairperson</i> Mr.Ezekiel Terer	<i>Member with knowledge in Finance and Admin</i>
<i>Faith-based organizations</i> Rev. Richard Ruto	<i>Faith-based organizations Representative</i>
<i>Medical Superintendent</i> Mr. Gilbert Kirui	<i>Secretary to the Board</i>
<i>Area Sub-County Admin</i> Mr.Nicholas Kiplagat Cherutich	<i>Ex- Officio member</i>
<i>Sub-County MOH</i> Kipyegon Korir	<i>Sub-County MOH</i>
<i>Women Groups Representative</i> Ms. Georgina Tarus	<i>Women Groups Representative</i>
<i>PWD Representative</i> Mr.Wesley Ngeno	<i>PWD Representative</i>
<i>Youth Representative</i> Mr.Rashid Ramadhan	<i>Youth Representative</i>
<i>Area MCA</i> Hon William Mutai	<i>Ex- Officio Member</i>

Other than that, they also have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is three years renewal subject to performance.

b) Roles and Functions of the Board:

The roles and responsibilities of the Board include:

- ✓ Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ✓ Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- ✓ Providing oversight in financial reporting to the Government and communication to stakeholders.
- ✓ Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- ✓ Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- ✓ Approving annual budgets.

The full Board meets at least 4 times a year and the Chairperson has Consultations with the medical superintendent who is also the secretary to the board. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the medical superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

c) Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Health Management Board convenes once per quarter in each Financial Year unless it is a special Board (Four Full Board Meetings a year).

The board attendance in FY 2024/2025 was as follows:

Name	Role	Attendance
Mr.ezekiel Terer	Chairperson	4 out of 4
Mr. Nicholas Kiplagat	Area Sub-County Admin	4 out of 4
Mr.Kipyegon Korir	Sub-County MOH	4 out of 4
Mr.Gilbert Kirui	Secretary	4 out of 4
Ms.Georgina Tarus	Women Groups Representative	4 out of 4
Rev. Richard Ruto	Faith-based organizations Rep	4 out of 4
Mr.Wesley Ngeno	PWD Representative	3 out of 4
Mr.Rashid Ramadhan	Youth Representative	3 out of 4
Hon William Mutai	Ex- Officio	4 out of 4

d) Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowance the allowance is paid as per the government of Kenya allowance circulars.

e) Ethics and Conduct

The board upholds high ethical standards and a code of conduct that guides the behaviour of its members.

9. Management Discussion and Analysis

Here, we present an overview of the hospital's operational and financial performance from the past year. This includes details on key projects, compliance with statutory requirements, major risks, and other pertinent information.

Section A: Operational Performance:

Key Performance Indicator	2024/2025	2023/2024	2022/23
Bed Capacity	13	13	13
Total admissions	1,121	1,120	1,190
Outpatient Workload	27,968	21,657	27,561
Average Length of Stay (days)	1.5	1.5	1.5
Maternal Mortality Ratio per 100,000	100000.0	100000.0	100000.0
Perinatal Mortality Rate per 1000 births	1000:13	1000:12	10000:13

There was a increased number of outpatient work load by 22.5% from the previous financial year which is majorly attributed by the roll-over of SHA PHC which offers free services to all registered patients .decrease in the number outpatients.

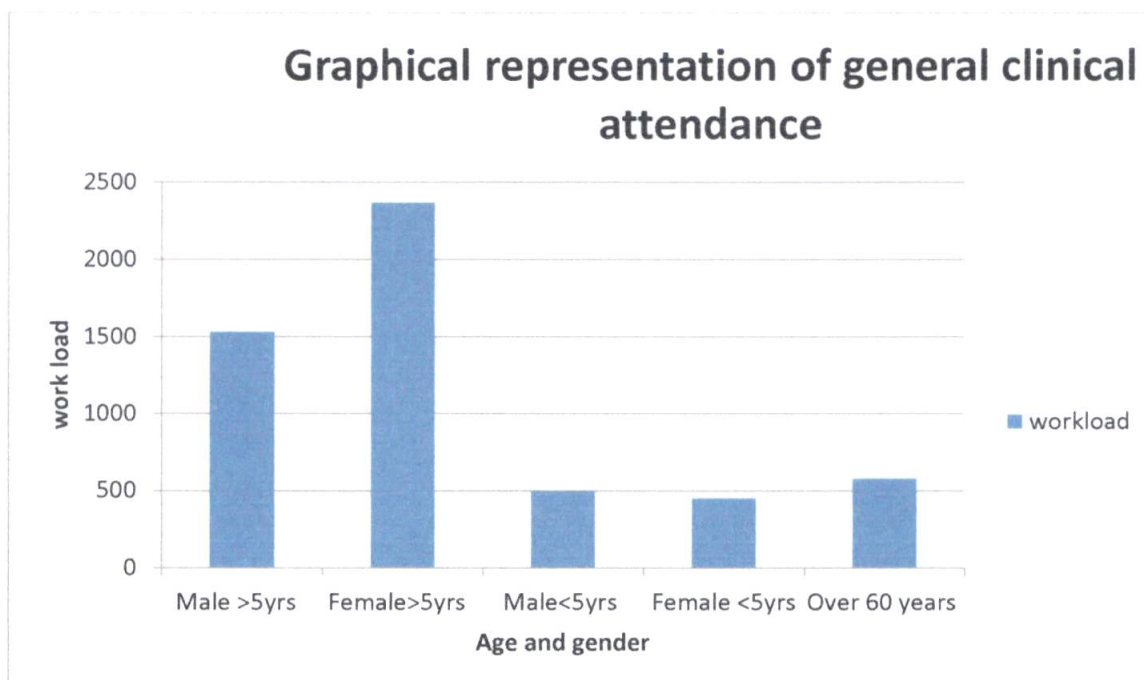
The top conditions during the year include but not limited to Pneumonia, URTI, Amoebiasis and Arthritis/joint pains.

a) Overall outpatient attendance

The overall outpatient attendance for fy 2024/2025 was 27,968. It was distributed as follows;

i) General outpatient attendance

Age category and gender	workload
Male >5yrs	1533
Female >5yrs	2366
Male <5yrs	496
Female <5yrs	451
Over 60 years	578
Total	5424



ii) Special clinic attendance

Keringet sub county hospital has 2 special clinics namely; CCC and TB clinics. During the year we had a total attendance of 7,633 of special clinic, 167 being the TB patients and 7,466 being the CCC clients.

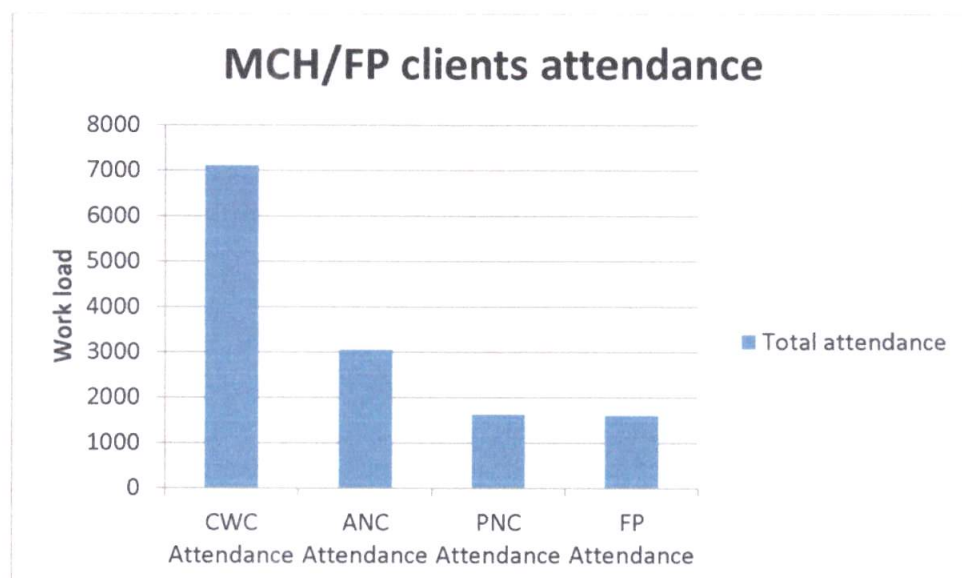
The facility recorded a total of 29 new TB clients and 33 new CCC clients which was up by 12 % and 17% respectively as compared to last year.

iii) MCH/FP clients Attendance

A MCH/FP client forms the biggest work load for our facility. From the catchment population of 12,714, the estimated number of Women of childbearing age (15–49yrs) is 2,992.

During the year, the hospital recorded a work load of 13,428 distributed as follows;

Data element	New clients	Re-visits	Total
CWC Attendance	1,076	6,041	7,117
ANC Attendance	884	2,173	3,057
PNC Attendance	1,017	623	1,640
FP Attendance	178	1,436	1,614
Total			13,428



iv) Other clinical attendance

The facility also offered other services during the year to the patients albeit in low numbers as follows;

Data element	Attendance
OPD Dressing Done	91
OPD Removal of Stitches	34
OPD Injections Given	147
OPD Stitching Done	48
Dental clinic attendance (Excluding fillings and extractions)	42
General ultrasound	44
Obstetric ultrasound	387

v) Inpatient Services

The only inpatient operational department in our facility this financial year is the maternity. It recorded at total of 1021 and 95 referral out of the facility. The data is available as follows;

Data element	Value
Normal Deliveries	1121
Caesarian Sections	0
Breach Delivery	1
BBA (Born before arrival)	13
Maternal deaths	0
Live births	1112
Still births	9
Neonatal deaths 0-28 Days	3

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

Low Birth Weight <2500gms	176
Babies discharge Alive	1105
Referrals Out of the Facility	95

Section B: Financial Performance:

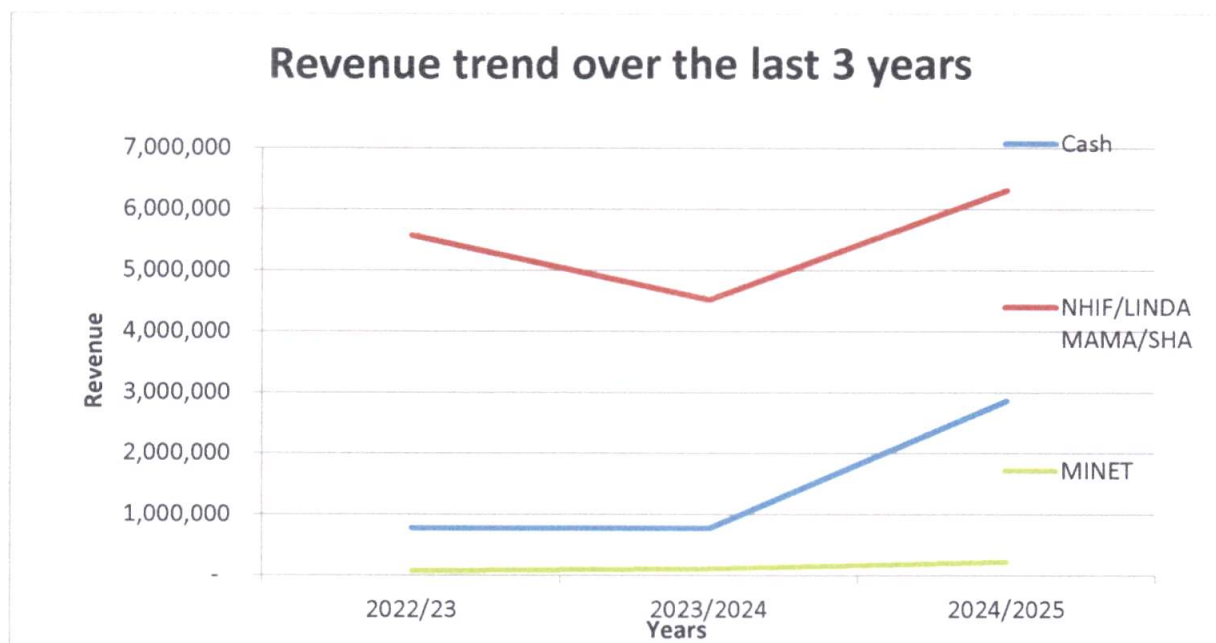
The source of revenue for the hospital is both cash and insurance, mostly NHIF and Linda Mama/SHA. The same money is ploughed back to the facility as facility improvement fund (FIF).

During the financial year 2024/2025, the hospital recorded 40.9% increase in revenue which was occasioned by the prompt reimbursement by SHA since November.

The expenditure also rose by a record 80%.

Source of Revenue	2022/23	2023/2024	2024/2025
Cash	787,354	771,891	2,864,119
NHIF/LINDA MAMA/SHA	5,577,042	4,517,780	6,319,371
MINET	81,000	113,050	226,500
Total Revenue	6,445,396	5,557,412	9,409,990
Total Expenses	5,466,582	1,989,209	9,756,130

An analysis of the trend in financial performance over the last 3 years is as shown.



Section C: Entity’s compliance with statutory requirements

The hospital maintains full compliance with all regulatory and statutory requirements, including licensing, safety, and healthcare standards. This is evidenced by the compliance certificates and licenses.

Section D: Major risks facing the entity.

1. Economic Uncertainty:

Fluctuations in the revenues and delays by the National Health Insurance Fund (NHIF) and Linda Mama to reimburse the hospital long outstanding debts amounting to 9,017,963 lead to financial instability. This financial year, NHIF Linda mama/SHA reimbursed only 6,319,371 against outstanding claims of 16,314,194 which is only 39% of the total outstanding claims. This has strained the hospital resources in terms of providing our clients top notch medical services.

2. Staffing Challenges:

This is a huge and perennial staffing challenge. The few committed staffs are strained to provide quality service.

3. Debt:

As we were closing the financial year the facility did not owe its supplies any outstanding debt other than Kenya power for the electricity bill for the month of June. This was a great improvement from last year where we closed the financial year with an outstanding debt of ksh.1,060,716.

10. Environmental And Sustainability Reporting

Keringet sub county hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence.

Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Keringet sub county hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. In order to deliver on these priorities, the Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates.

The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as ultrasound and additional services at the laboratory including full haemogram.
- Upgrading the hospital to a high volume level 4 hospitals and reducing the number of referral cases to bigger facilities which lead o loss of revenue.
- Enhancing Client satisfaction through quality service car
- Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

ii) Environmental performance

Keringet Sub county hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible

The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities,

interruptions in service, and incidents of extreme weather events as a result of climate. However, the Hospital also believes that using resources responsibly can be a source of strategic advantage for the Hospital, allowing it to manage and contain its operating costs and to ensure ongoing access to water and energy supplies.

The hospital is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy Successes.

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste. The general cleanliness of the organization is well maintained both indoors and grounds.

Challenges

- Business interruption due to electricity supply
- Increased operational costs due to cost of electricity
- Healthcare risk waste disposal.

Efforts to Reduce Environmental Impact of Waste Products

The incinerator burns the waste at a very high temperature and the products are harmless.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions. Training programs are based on the

identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization. lii The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices-

a) Responsible completion practices

This is effectively done through proper use of the available website for advertisement purposes as well as making good use of the instituted internal committees to help minimize corruption.

b) Responsible supply chain and supplier relations

It ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

v) Corporate Social Responsibility / Community Engagements

Keringet sub county hospital engages in various Corporate Social Responsibility (CSR) activities to benefit the community and demonstrate its commitment to social impact.

Through community screening in collaboration with CHPs, many have benefitted from free check-ups, vaccinations and or health education which has improved access to healthcare for marginalized communities and early disease detection.

It also conducts community outreaches and health education in schools and communities which has increased health literacy and awareness leading to healthier lifestyles and reduced disease prevalence.

In partnership with charitable organizations like UTJ (Usaid Tujengee Jamii), the vulnerable groups have benefitted a lot especially those with TB and HIV. They are able to get medicines for free and even transport and visits to their places of residence for more support.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide health care services to the public

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 10

Board of Management

The members of the Board who served during the year are shown on page viii-xi

Auditors

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

By Order of the Board



.....
Name: Gilbert Kirui

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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


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

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

Nothing has come to the attention of the Board of management to indicate that Keringet 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 25/08/25 and signed on its behalf by:


.....

Name: Ezekiel Terer
Chairperson
Board of Management


.....

Name: Gilbert Kirui
Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

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 that 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 Keringet Level 4 Sub - County Hospital set out on pages 1 to 73, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The following inaccuracies were observed in the financial statements:

- i. The statement of financial performance reflects total revenue amount of Kshs.40,981,607. However, the recomputed amount was Kshs.41,041,607, resulting in an unexplained variance of Kshs.60,000.
- ii. The statement of cash flows reflects purchase of property, plant and equipment amount of Kshs.1,108,000. However, note 32 to the financial statements reflects assets' additions amount of Kshs.4,117,819, resulting in an unexplained variance of Kshs.3,009,819.
- iii. Also, the statement of cashflows reflects net decrease in cash and cash equivalents amount of Kshs.345,718. However, the recomputed amount was Kshs.346,140, resulting in an unexplained variance of Kshs.422.
- iv. The statement of comparison of budget and actual amounts reflects actual total operational expenditure totalling Kshs.8,725,127. However, the statement of cash flows reflects an amount of Kshs.8,648,130, resulting in an unexplained variance of Kshs.76,997.
- v. Note 21 to the financial statements reflects general expenses amount of Kshs.1,465,109. However, the recomputed amount is Kshs.1,558,527 resulting in an unexplained variance of Kshs.93,000.
- vi. Note 31 to the financial statements reflects detailed disclosure on inventories amount of Kshs.4,778,325 However, the recomputed amount is Kshs.4,802,293 resulting in an unexplained variance of Kshs.23,968.
- vii. Note 43 to the financial statements reflects a deficit for the year before tax amounts of Kshs.1,052,094. However, the statement of financial performance reflects a deficit of Kshs.1,076,062 resulting in an unexplained variance of Kshs.25,968.
- viii. Further, the Note reflects decrease in inventories and increase in receivables amounts of Kshs.1,983,870 and Kshs.2,545,889 respectively. However, the statement of financial position reflects increase in inventories and increase in receivables amounts of Kshs.3,864,976 and Kshs.1,898,425 resulting in unexplained variances of Kshs.5,848,846 and Kshs.647,464 respectively.

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

2. Variances in the Medical/Clinical Costs

The statement of financial performance reflects medical/clinical costs amounting to Kshs.14,423,151 as disclosed in Note 15 to the financial statements. The amount includes an expenditure of Kshs.314,400 relating to uniform, clothing and linen. However, the supporting schedule provided for audit verification reflects an amount of Kshs.319,400 resulting to unexplained variance of Kshs.5,000.

In the circumstances, the accuracy and completeness of the medical/clinical costs amounting to Kshs.314,400 could not be confirmed.

3. Unsupported Board Expenses

The statement of financial performance reflects Board expenses of Kshs.207,000 as disclosed in Note 17 to the financial statements. Review of the supporting payment vouchers and other records revealed that the Board members were neither issued with appointment letters nor they signified their acceptance for the position by signing an acceptance form. Further, the Board operates without a workplan, and a Board Charter. In addition, none of the Board members has a background in finance. It was also observed the eight (8) out of the nine (9) Board members come from the same ethnic community.

In the circumstances, the accuracy, completeness and regularity of the Board of Management expenses amounting to Kshs.207,000 could not be confirmed.

4. Variance in the General Expenses

The statement of financial performance reflects general expenses amount of Kshs.1,549,077. However, the corresponding Note 21 to the financial statements reflects an amount of Kshs.1,465,109 resulting in an unexplained variance of Kshs.83,968. Further, the supporting schedule reflects an amount of Kshs.1,529,512 resulting to unexplained variance of Kshs.19,565.

In the circumstances, the accuracy and completeness of the general expenses amount of Kshs.1,549,077 for the period ending 30 June, 2026 could not be confirmed.

5. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.28,273,904 as disclosed in Note 32 to the financial statements. The balance includes additions during the year of Kshs.4,117,819. However, this amount has not been supported with detailed schedules and tender documents such as tender register, the bid documents for both the winning and losing tenderers, copy of the tender advertisement, tender opening minutes, tender evaluation minutes, professional opinion and tender award minutes.

Further, as previously reported the balance of Kshs.28,273,904 includes amounts of Kshs.13,096,301 and Kshs.5,360,626 in respect of land and motor vehicles respectively. However, the ownership documents including the title deed and logbooks were not provided for audit verification.

The statement of financial performance reflects depreciation and amortization expense amounting to Kshs.3,424,705 as disclosed in Note 18 to the financial statements. The supporting schedules provided reflected depreciation rates that were not consistent with the recommended rates by the National Treasury for the Hospital. Further, Management did not disclose rates used for depreciation of assets in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.28,273,904 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keringet Level 4 Sub - County Hospital – County Government of Nakuru 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.

Key Audit Matters

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

My opinion is not modified in respect of these matters.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital for the financial year 2024/2025 revealed that the following ten (10) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023-2024	Unsupported Property, Plant and Equipment
2	2023-2024	Non-compliance with Kenya Quality Model for Health Requirements
3	2023-2024	Failure to Test Patients for Tuberculosis
4	2023-2024	Unconfirmed Indicators for Reproductive Health
5	2023-2024	Unutilized Infrastructure Facilities
6	2023-2024	Stalled Construction of a Patient Ward

No.	Financial Year	Audit Issue
7	2023-2024	Non-compliance with First Expiry First Out Method
8	2023-2024	Irregular Engagement of Casual Workers
9	2023-2024	Irregular Engagement of Casuals
10	2023-2024	Poor Storage of Medical Commodities

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Recommended Reporting Template

Review of the Hospital's financial statements revealed the following observations:

- i. The statement of cash flows has not indicated the note numbers where the various items and the amounts indicated were to be found in the financial statements.

- ii. The statement of comparison of budget and actual amounts did not include a commentary on significant underutilization (below 90% of utilization) and any overutilization and an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. This is contrary to the recommended reporting template.
- iii. Appendix II, III, IV and V on projects implemented by the entity, status of projects completion, inter entity confirmation letter and reporting on climate relevant expenditure and disaster reporting respectively were all left blank.
- iv. The statement of financial performance reflects employee costs of Kshs.22,488,736 as disclosed in Note 16 to the financial statements which comprises of salaries, wages and allowances and contributions to pension schemes. However, review records revealed that there were employees' expenses which were directly incurred by the Hospital amounting to Kshs.1,887,886 and in-kind contributions by the County Government totaling Kshs.20,600,850. The employee costs were not separately disclosed as required by recommended reporting template for financial year 2024/25 for sub county hospitals.

In the circumstances, Management did not comply with the recommended reporting template by the Public Sector Accounting Standards Board (PSASB).

2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs amount of Kshs.22,488,736 as disclosed in Note 16 to the financial statements. The amount includes an expenditure of Kshs.1,887,886 that relates to payment of casual wages and contract staff. During the year under review, the Hospital engaged eight (8) casuals. Review of the casual payment payroll revealed that Management engaged casual workers continuously for more than three (3) months. This was contrary to Section B. 16(1) of the County Public Service Human Resource Manual, May 2013 which states that casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board.

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

3. Irregular Procurement of Medical Supplies

The statement of financial position reflects inventories balance of Kshs.4,778,325 as at 30 June, 2025 as disclosed in Note 31 to the financial statements. Included in the balance are additional inventories during the year amounting to Kshs.11,877,225 out of which an amount of Kshs.945,000 was paid to a local supplier for the purchase of drugs. However, review of expenditure documents revealed the Hospital used the direct procurement method. Further, the Hospital management operated with unapproved procurement plan contrary to the law. This was contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015 which provides the procedure for direct procurement.

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

4. Failure to Prepare and Submit Quarterly Revenue Reports

Management did not provide any evidence to indicate that the quarterly revenue reports were prepared and submitted to the County Treasury with a copy to the Auditor General. This was contrary to Regulation 64(1) and (4) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than fifteenth (15) day after the end of the quarter and that the quarterly report under paragraph (1) shall be submitted to the County Treasury, with a copy to the Auditor General and to County Assembly.

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

5. Inadequacies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews 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 staff requirements of eighty-six (86) or 85% of the authorized establishment. The details are as indicated in the table below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage
Medical officers	16	0	-16	100%
Anesthesiologists	2	0	-2	100%
General surgeons	2	0	-2	100%
Gynecologists	2	0	-2	100%
Pediatrics	2	0	-2	100%
Radiologists	2	1	-1	50%
Kenya Registered Community Health Nurses	75	14	-61	81%
Total	101	15	86	85%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage
Beds	150	13	-137	91%
Resuscitare (2 In Labor & 1 In Theatre)	2	2	0	0%
New Born Unit Incubators	5	2	-3	60%
New Born Unit Cots	5	3	-2	40%
Functional ICU Beds	6	0	-6	100%
High Dependency Unit (HDU) Beds	6	0	-6	100%
Renal Unit With At Least 5 Dial Machines	5	0	-5	100%
Two Functional Operational Theatres-Maternity & General	2	0	-2	100%

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

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

6. Non-Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed Keringet Level 4 Sub - County Hospital collected an amount of Kshs.9,249,382 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.9,249,382 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.9,409,990 as having been received from the FIF account resulting in an unexplained over disbursed amount of Kshs.160,608. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

7. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.10,312,317 as disclosed in Note 29 to the financial statements. Review of the ageing analysis revealed that there was a balance of Kshs.8,413,892 or 82% of the total receivables that has been outstanding for more than one (1) year. Management has

not explained the measures that the Hospital has put in place to ensure that the long outstanding debts are collected in full.

In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs.8,413,892 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Audit Committee and Internal Audit Function

During the year under review, the Hospital had not established an audit committee and did not have an internal audit function in place. Further, Management did not rely on the internal audit department of the County Executive since there was no evidence to indicate that the Hospital had been audited by the internal audit department of the County Executive.

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

2. Weak Information Technology (IT) Internal Control Environment

Review of the documents provided for audit and the IT systems and structures in place, revealed that there was no approved Information, Communication and Technology (ICT) policy, approved IT strategic committee, risk management policy and a strategic and recovery plan. In addition, there were no formal and documented emergency procedures and IT disaster recovery and business continuity plan. Further, Management had not implemented ICT asset management policies despite continuous use of ICT equipment including laptops and desktop computers.

In the circumstances, the effectiveness and security of Information Technology (IT) internal control environment within the Hospital could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 December, 2025

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	31,693,075	34,616,682
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		31,693,075	34,616,682
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	9,348,532	8,282,537
Revenue from rent of facilities	12		-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	705
Revenue from exchange transactions		9,348,532	8,283,242
Total revenue		40,981,607	42,899,924
Expenses			
Medical/Clinical costs	15	14,423,151	14,046,634
Employee costs	16	22,488,736	21,644,756
Board of Management Expenses	17	207,000	138,000
Depreciation and amortization expense	18	3,424,705	3,696,637
Repairs and maintenance	19	25,000	15,000
Grants and subsidies	20	-	-
General expenses	21	1,549,077	1,010,410
Finance costs	22	-	-
Total expenses		42,117,669	40,551,437
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		-

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24		-
Medical services contracts Gains/Losses	25	-	8,721
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	8,721
Net Surplus / (Deficit) for the year		-1,076,062	2,357,208

(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 25/8/25 and signed on its behalf by:



Chairman: Ezekiel Terer
Board of Management



Head of Finance
ICPAK No: 32168



Medical Superintendent

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

Description	Note	2024/2025	2023/2024
Assets			
Current assets			
Cash and cash equivalents	27	3,755,814	4,101,532
Prepayments	28		
Receivables from exchange transactions	29	10,312,317	8,413,892
Receivables from non-exchange transactions	30		
Inventories	31	4,778,325	913,349
Total Current Assets		18,846,456	13,428,773
Non-current assets			
Property, plant, and equipment	32	28,273,904	31,698,562
Intangible assets	33	1	1
Investment property	34		
Biological Assets	35		
Total Non-current Assets		28,273,905	31,698,563
Total assets (A)		47,120,361	45,127,336
Liabilities			
Current liabilities			
Trade and other payables	36	11,984	1,060,716
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		11,984	1,060,716
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

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

Description	Note	2024/2025	2023/2024
Service concession Arrangements	42	-	-
Total non-current liabilities			-
Total Liabilities (B)		11,984	1,060,716
			-
Net assets (A-B)		47,108,377	44,066,620
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,595,424	8,671,486
Capital Fund		39,512,953	35,395,134
Net Assets		47,108,377	44,066,620

(The notes 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 25/06/25 and signed on its behalf by:



Chairman: Ezekiel Terer
Board of Management



Head of Finance
ICPAK No: 32168



Medical Superintendent: Gilbert Kirui

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	6,508,918	-	6,508,918
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,162,568	-	2,162,566
Capital/Development grants	-	-	35,395,134	35,395,134
As at June 30, 2024(previous year)	-	8,671,486	35,395,134	44,066,618
At July 1, 2024 (current year)	-	8,671,486	35,395,134	44,066,618
Revaluation gain	-	-	-	-
Surplus/(deficit) for the period	-	-1,076,062	4117819	3,041,757
Capital/Development grants	-	-	-	-
At 30thJune, 2025(current year)	-	7,595,424	39,512,953	47,108,375

(Note:

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			-
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	
Rendering of services- Medical Service Income		9,409,990	5,556,707
Revenue from rent of facilities		-	-
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	705
Total Receipts		9,409,990	5,557,412
Payments			
Medical/Clinical costs		4,457,834	389,016
Employee costs		2,003,351	1,295,109
Board of Management Expenses		206,125	69,000
Repairs and maintenance		85,600	15,000
Grants and subsidies			-
General expenses		1,895,220	221,084
Finance costs		-	-
Refunds paid out		-	
Total Payments		8,648,130	1,989,209
Net cash flows from operating activities	43	761,860	3,568,203
Cash flows from investing activities			-
Purchase of property, plant, equipment		(1,108,000)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments			-
Net cash flows used in investing activities		(1,108,000)	
Cash flows from financing activities			-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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

Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(345,718)	3,568,203
Cash and cash equivalents as at 1 July	27	4,101,532	533,329
Cash and cash equivalents as at 30 June	27	3,755,814	4,101,532

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	e=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	9,409,990	-	9,409,990	9,409,990	-	100%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total receipts	9,409,990	-	9,409,990	9,409,990	-	100%
Payments						
Medical/Clinical costs	2,603,691	1,823,657	4,427,348	4,427,348	-	100%
Employee costs	1,970,371	636,759	2,607,130	2,171,434	435,696	83%
Remuneration of directors	172,500	33,625	206,125	206,125	-	100%
Repairs and maintenance	40,000	1,250	41,250	25,000	16,250	61%
Grants and subsidies	-	-	-	-	-	-
General expenses	1,608,626	299,354	1,907,980	1,895,220	12,760	101%

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

Finance costs	-	-	-	-	-	-	-	-
Refunds	-	-	-	-	-	-	-	-
Total Operational Expenditure paid	6,395,188	2,794,645	9,224,333	8,725,127	464,706	95%		
Capital Expenditure paid	1,128,562	(97,559)	1,031,003	1,031,003	-	100%		
Surplus	1,886,240	-	(810,846)	(346,140)	-	%		

*(Budget carryovers * This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

*Employee cost with performance difference of 83% was due to the resignation of a clerical without replacement officer whose salary and other allowances had already been budgeted for.
 Repair and maintenance performance difference of 61% arose because of the repair and maintenance cost of motor vehicle which is normally allocated to cater for emergency maintenance i.e. towing in case of breakdown or break failure before it is taken to a prequalified mechanic. This financial year, the hospital ambulance was only repaired once.*

Budget Reconciliation

Description of Particulars		Amount in Kshs	
	Actual Surplus Amounts as per the statement of Budget	(346,140)	
1	Reason for differences	Opening balance cash and cash equivalence as at 1 st July 2024 of Ksh.4,101,532 which was spent in this financial year	

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

2	Reason for differences	There was an opening balance of ksh.422 in an account which was previously closed and not factored in the closing balance of FY 23/24 but is now active.
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,755,814

19. Notes to the Financial Statements

1. General Information

Keringet sub county hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing medical services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 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 FIF Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 2024, it is applicable in Kenya from 1st July 2024)

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

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

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

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

Standard	Effective date and impact:
Property Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the 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	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective 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</p>

Standard	Effective date and impact:
	revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 4th July, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of 2,731,586 on the FY 2024/2025 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

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

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	20,600,850	20,669,012
Medical supplies-Drawings Rights (KEMSA)	9,286,743	1,595,507
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,645,482	11,643,581
Utility bills	160,000	708,582
Total grants in kind	31,693,075	34,616,682

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

8. Grants From Donors and Development Partners

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

(Provide brief explanation for this revenue)

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

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

(Provide brief explanation for this revenue)

10 (a)Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	245,254	241,878
Non-Pharmaceuticals	-	-
Laboratory	281,230	165,571
Radiology	49,000	36,305
Orthopedic and Trauma Technology		
Registration	326,599	322,690
Accident and Emergency Service	-	-
medical examination	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	2,150	7,870
Reproductive health	8,048,799	6,924,832
MINET	395,500	255,000
NHIF Capitation	-	328,391
Other medical services income	-	-
Total revenue from the rendering of services	9,348,532	8,282,537

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	705
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	-	705

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	619,054	243,036
Public health activities	-	-
Food and Ration	311,382	175,194
Uniform, clothing, and linen	314,400	-
Dressing and Non-Pharmaceuticals	966,000	160,794
Pharmaceutical supplies	11,877,225	13,239,088
Health information stationery	-	-
Reproductive health materials	174,800	86,900
Sanitary and cleansing Materials	140,290	141,200
Purchase of Medical gases	15,000	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	5,000	-
Total medical/ clinical costs	14,423,151	14,046,212

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	22,392,021	21,644,756
Contributions to pension schemes	96,715	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	22,488,736	21,644,756

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	207,000	138,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	207,000	138,000

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	3,424,705	3,696,637
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	3,424,705	3,696,637

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings		10,000
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	20,000	-
Motor vehicle expenses	5,000	5,000
Maintenance of civil works	-	-
Total repairs and maintenance	25,000	15,000

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

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

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	160,650	147,350
Waste management expenses	-	-
Insecticides and rodenticides	5,700	-
Audit fees	-	-
Bank charges	19,565	4,995
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	629,032	958,679
Fuel and Lubricants	111,250	10,000
Research and development expenses	-	-
Travel and accommodation allowance	312,500	55,000
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	9,450	9,450
Printing and stationery	-	15,000
General office supplies	53,100	-
Rent expenses	-	-
Water and sewerage costs	-	-
Skills development levies	-	-

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Telephone and mobile phone services	16,100	5,000
Internet expenses	121,180	-
Staff training and development		-
Other Fuel (Charcoal)	120,000	
Subscriptions to newspapers periodical, magazines, and gazette notices	-	
Library books/Materials		-
Parking charges		-
Total General Expenses	1,465,109	1,205,474

22. Finance Costs

Description	2024/2025	2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	
Linda Mama Program	-	8,721
Waivers and Exemptions	-	
Total Gain/Loss	-	8,721

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	3,316,994	4,101,532
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- CIFOMS	438,820	-
Total cash and cash equivalentents	3,755,814	4,101,532

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

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank of Kenya	1141026174002	2,411,548	4,101,532
Cooperative Bank of Kenya	1141026174000	905,446.35	-
Sub- total		3,316,994	4,101,532
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- CIFOMS money		438,820	-
Sub- total		438,820	-
Grand total		3,755,814	4,101,532

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

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	10,312,317	8,413,892
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	10,312,317	8,413,892

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

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,898,425	18%	7,179,832	85.3%
Between 1- 2 years	8,413,892	82%	1,213,060	14.4%
Between 2-3 years	-	%	21,000	0.3%
Over 3 years	-	%		0%
Total (a+b)	10,312,317	%	8,413,892	100%

30. Receivables From Non-Exchange Transactions

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

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

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	4,778,325	913,349
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	4,778,325	913,349

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	913,349	7,282,351
Additional Inventory in the year	11,877,225	13,239,088
Inventory expensed in the year	7,988,281	19,608,090
Write-downs in the year	-	-
Others specify	-	-
Closing balance	4,778,325	913,349

Kerinet Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost									
As at 01 07 2023 (beginning of the year)	1	1	1	1	1	1	-	-	6
Additions during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Transfers/adjustments during the year	13,096,300	12,529,181	9,530,000	1	150,043	89,668	-	-	35,395,134
As at 30 06 2024 (close of the year)	13,096,301	12,529,182	9,530,001	2	150,044	89,669	-	-	35,395,140
As at 01 07 2024 (beginning of the year)	13,096,301	12,529,182	9,530,001	3	150,044	89,669	-	-	35,395,200
Additions during the period		2,281,000	-	-	-	1,836,819	-	-	4,117,819
Disposals during the period	-	-	-	-	-	-	-	-	-
Transfer/adjustments during the period		-		-					
As at 30 06 2025 (close of the current period)	13,096,301	14,810,182	9,530,001	3	150,044	1,926,488	-	-	39,513,019
Depreciation and impairment									

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

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
As at 01 07 2023 (beginning of the year		-	-	-	-	-	-	-	
Depreciation for the year		1,252,918	2,382,500	0	49,515	11,657	-	-	3,696,590
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
As at 30 06 2024 (close of the year)	-	1,252,918	2,382,500	0	49,515	11,657	-	-	3,696,590
As at 01 07 2024 (beginning of the year	-	1,252,918	2,382,500	0	49,515	11,657	-	-	3,696,590
Depreciation for the period		1,355,726	1,786,875	0	33,175	248,928	-	-	3,424,705
Disposals for the period		-	-	-	-	-	-	-	0
Impairment for the period		-	-	-	-	-	-	-	0
Transfer/adjustment during the period		-	-	-	-	-	-	-	0
As at 30 06 2025 (close of the current period)		1,355,726	1,786,875	0	33,175	248,928	-	-	3,424,705
Net book values									0
As at 30 06 2024 end of prior year audited	13,096,301	11,276,264	7,147,501	2	100,529	78,012	-	-	31,698,609
As at 30th June 2025 (Current period)	13,096,301	12,201,537	5,360,626	2	67,355	1,665,903	-	-	28,273,904
Cost									

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
	1	1
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	1	1

34. Investment Property

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

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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

Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	11,984		1,060,716	
Employee dues	-		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	11,984		1,060,716	
Ageing analysis:	Current FY	% of the total	Current FY	% of the total
	11,984	100%	1,060,716	100%
Under one year				
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	11,984	%	1,060,716	%

37. Refundable Deposits from Customers/Patients

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

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

				Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024/2025	2023/2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

Description	2024/2025	2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(1,052,094)	2,357,208
Adjusted for:		-
Depreciation	3,424,705	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		-
Increase in inventory	1,983,870	4,285,935.00
Increase in receivables	(2,545,889)	(2,549,002)
Increase in deferred income	-	-
Increase in payables	(1,048,732)	(525,938)
Increase in payments received in advance	-	-
Net cash flow from operating activities	761,860	3,568,203

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

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while 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)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve		
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing	xx%	xx%

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

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

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
	-	-
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx	-	-
Total	-	--

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
	-	-
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management	-	-
	-	-
Total	-	-

46. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

48. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

(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 State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Nakuru.

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)
1.	<p>1. REPORT ON THE FINANCIAL STATEMENTS</p> <p>Non-Compliance with the Public Sector Accounting Standards Board Requirements</p> <p>Management presented the annual report and financial statements that were not compliant with the Public Sector Accounting Standards Board requirements (PSASB).</p> <p>However, the following anomalies were noted;</p> <p>i) Report numbering in the table of contents in not in tandem with the report numbering as from Acronyms & Glossary of terms up to Appendices.</p> <p>ii) The report number on Acronyms & Glossary of terms has not been indicated.</p>		Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	TimeFrame: (Put a date when you expect the issue to be resolved)
	<p>iii) Key management team on page number xii has been omitted from the table of contents.</p> <p>iv) Reports as from Acronyms & Glossary of terms up to Appendices are not systematically been numbered.</p> <p>v) Report on statement of performance against predetermined objectives has not been numbered. In addition, the report has been omitted from the table of contents.</p> <p>vi) Report of the independent auditor has omitted the name of entity.</p> <p>In the circumstances, Management did not comply with the PSASB requirements.</p>			
	<p>Unsupported Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.35,698,562 as disclosed in Note 31 the financial statements. Included in the balance is an amount of Kshs. 13,096,300 and Kshs.9,530,000 in respect of land and motor vehicles respectively. However, the two assets were not supported by the ownership documents such as land title deed and motor vehicle log books.</p>	<p>❖ Honorable chair, the management wishes to confirm to this honorable committee that Kerinet sub county hospital's land has a title deed. A copy is attached in</p>	<p>Land title deed-Resolved Ambulance log book-Not resolved</p>	<p>1-2 years</p>

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances, the accuracy, completeness and disclosure of property, plant and equipment balance of Kshs.35,698,562 could not be confirmed.</p>	<p>appendix i.</p> <ul style="list-style-type: none"> ❖ The ownership of the ambulance log book is under The county government of Nakuru. Honorable chair, it is worth noting that for an asset to be reported in the financial statement under IFRS 18 Presentation and disclosures, an asset can be recognized in the statement of financial position if the meet the following criteria; <ul style="list-style-type: none"> i) It is probable that the future economic benefits/service potential of the item will flow to the entity, ii) The entity has the 		

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

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)						
2.1	<p style="text-align: center;">2. REPORT ON LAW/FULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p style="text-align: center;">Inadequate Staff Level</p> <p>Review of number of staff in the month of November, 2024 revealed that the Hospital had less staff against the minimum required number by Kenya Quality Model for Health Management (KQMH) for level 4 Hospitals as indicated in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Level 4 Standard</th> <th style="width: 20%; text-align: center;">No. in Hospital</th> </tr> </thead> <tbody> <tr> <td>Medical Officers</td> <td style="text-align: center;">16</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>		Level 4 Standard	No. in Hospital	Medical Officers	16	0	<p>❖ The acknowledges the auditor's findings, However County department of health is aware that the Hospital has less staff against the minimum required number by Kenya Quality Model for Health Management (KQMH) for level 4 Hospitals as per the</p>	Not resolved	2-3 years
	Level 4 Standard	No. in Hospital								
Medical Officers	16	0								

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

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)																		
	<table border="1"> <tr> <td>Anaesthesiologists</td> <td>2</td> <td>0</td> </tr> <tr> <td>General Surgeons</td> <td>2</td> <td>0</td> </tr> <tr> <td>Gynecologists</td> <td>2</td> <td>0</td> </tr> <tr> <td>Pediatrics</td> <td>2</td> <td>0</td> </tr> <tr> <td>Radiologists</td> <td>2</td> <td>0</td> </tr> <tr> <td>Kenya Registered Community Health nurses</td> <td>75</td> <td>16</td> </tr> </table> <p>This was contrary to Section 4(1)k, 1 as read with Section 15(3,10) of the Medical Practitioners and Dentists Act, 2012 (Revised 2019) which license the hospital to operate as a Level 4 Hospital.</p> <p>In the circumstances, Management was in breach of the law.</p>	Anaesthesiologists	2	0	General Surgeons	2	0	Gynecologists	2	0	Pediatrics	2	0	Radiologists	2	0	Kenya Registered Community Health nurses	75	16	<p>staff returns made regularly. It is the primary responsibility of the county public service board to recruit qualified staff for the hospital upon request by the county department of health.</p> <p>At the moment the hospital does not have capacity in terms of resources to employ the staff to meet the required number for a level 4 hospital.</p>		
Anaesthesiologists	2	0																				
General Surgeons	2	0																				
Gynecologists	2	0																				
Pediatrics	2	0																				
Radiologists	2	0																				
Kenya Registered Community Health nurses	75	16																				
2.2	<p>Inadequate Operational Equipment and Required Services</p> <p>Review of number of services and equipment's in the month of November, 2024 revealed that the Hospital had less staff against the minimum required number by KQMH for level 4 Hospitals as shown below;</p>	<p>❖ Honorable chair, the management acknowledges the auditor's findings. However the management can</p>	Not Resolved	2-3 years																		

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																													
	<p>Service Provision Requirements</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Services</th> <th style="width: 35%;">Standard</th> <th style="width: 30%;">Observation</th> </tr> </thead> <tbody> <tr> <td>Surgical</td> <td>Should be in place</td> <td>Not in place</td> </tr> <tr> <td>Pediatrics</td> <td>Should be in place</td> <td>Not in place</td> </tr> <tr> <td>Gynecological</td> <td>Should be in place</td> <td>Not in place</td> </tr> <tr> <td>In-patients</td> <td>Should be in place</td> <td>In place 6 (Maternity Pediatric) Beds</td> </tr> <tr> <td>Radiology</td> <td>Should be in place</td> <td>In place (Radiology)</td> </tr> <tr> <td>Renal dialysis,</td> <td>Should be in place</td> <td>0</td> </tr> <tr> <td>Tuberculosis management</td> <td>Should be in place</td> <td>In Place</td> </tr> <tr> <td>Mortuary and autopsy services.</td> <td>Should be in place</td> <td>0</td> </tr> <tr> <td>Advanced life support</td> <td>Should be in place</td> <td>0</td> </tr> <tr> <td>Caesarean sections and surgical operations</td> <td>Should be in place</td> <td>0</td> </tr> <tr> <td>Laboratory services of Lab class D</td> <td>5 acres</td> <td>In Place and n</td> </tr> <tr> <td>Beds</td> <td>150</td> <td>30</td> </tr> <tr> <td>Resuscitative (2 in labour ward and 2 in theatre)</td> <td>3</td> <td>0</td> </tr> <tr> <td>New Born Unit - Incubators incubators and five (5) cots</td> <td>5</td> <td>0</td> </tr> </tbody> </table>	Services	Standard	Observation	Surgical	Should be in place	Not in place	Pediatrics	Should be in place	Not in place	Gynecological	Should be in place	Not in place	In-patients	Should be in place	In place 6 (Maternity Pediatric) Beds	Radiology	Should be in place	In place (Radiology)	Renal dialysis,	Should be in place	0	Tuberculosis management	Should be in place	In Place	Mortuary and autopsy services.	Should be in place	0	Advanced life support	Should be in place	0	Caesarean sections and surgical operations	Should be in place	0	Laboratory services of Lab class D	5 acres	In Place and n	Beds	150	30	Resuscitative (2 in labour ward and 2 in theatre)	3	0	New Born Unit - Incubators incubators and five (5) cots	5	0	<p>confirm to this honorable committee that the hospital has 2 resuscitaires and 2 incubators.</p> <p>❖ Honorable chair it is important to note that the hospital does not have the financial capability to equip the hospital with the mentioned medical equipment required in a level 4 facility and we therefore depend on the County government department of health to and well-wishers.</p>		
Services	Standard	Observation																																															
Surgical	Should be in place	Not in place																																															
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**Keringet Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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)																	
<table border="1"> <tr> <td>New Born Unit cots</td> <td align="center">5</td> <td align="center">0</td> </tr> <tr> <td>Functional intensive care unit -- Beds</td> <td align="center">6</td> <td align="center">0</td> </tr> <tr> <td>High dependency Unit - Beds</td> <td align="center">6</td> <td align="center">0</td> </tr> <tr> <td>Renal unit with at least 5 dialysis machines</td> <td align="center">5</td> <td align="center">0</td> </tr> <tr> <td>Two functional operating theatres</td> <td align="center">2</td> <td align="center">0</td> </tr> <tr> <td>Maternity and general</td> <td></td> <td></td> </tr> </table>	New Born Unit cots	5	0	Functional intensive care unit -- Beds	6	0	High dependency Unit - Beds	6	0	Renal unit with at least 5 dialysis machines	5	0	Two functional operating theatres	2	0	Maternity and general			<p>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.</p> <p>In the circumstances, the inadequate services and equipment may have impacted negatively on service delivery to the public.</p>		
New Born Unit cots	5	0																			
Functional intensive care unit -- Beds	6	0																			
High dependency Unit - Beds	6	0																			
Renal unit with at least 5 dialysis machines	5	0																			
Two functional operating theatres	2	0																			
Maternity and general																					
3	<p>1. Failure to Test Patients for Tuberculosis</p> <p>The statement of financial performance reflects clinical costs of Kshs. 14,046,212. Included in costs is an amount of Kshs. 13, 239,088 in</p>	<p>❖ Honorable chair, the management of Keringet sub county hospital can confirm</p>	Resolved																		

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>respect of pharmaceutical supplies. Review of the hospital reporting tools indicated a total of 21,657 registered patients. However, there was no evidence to show the patients were tested for tuberculosis contrary to Paragraph 2.3.2 of the Ministry of Health Integrated Guideline for Tuberculosis, Leprosy and Lung Disease, 2021 which requires TB screening be administered to all patients presenting to the health facility regardless of presenting signs or symptoms.</p> <p>In the circumstances, the Hospital may not achieve its mandate of offering early diagnosis and treatment services to patients.</p>	<p>to this committee that we have a fully functional TB unit at the hospital. In the financial year 2023/2024, the facility tested 674 patients for TB.</p> <ul style="list-style-type: none"> ❖ Honorable chair, it is worth noting that the facility is working on improving the testing and contact tracing of suspected TB cases in the community by collaborating with the Community Health Promoters (CHP's). ❖ Also worth noting, the health care workers and patients have been sensitized on importance of TB screening through 		

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

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)
4.	<p>Unconfirmed Indicators for Reproductive Health</p> <p>The statement of financial performance reflects clinical costs of Kshs. 14,046,212. Review of workload distribution indicated a total of 21,657 registered patients out of which 1,020 were maternal women. However, the Hospital Management did not maintain records of the proportion of women of reproductive age between 15 and 49 years who have their need for family planning satisfied with modern methods.</p> <p>In the circumstances, effectiveness of service delivery could not be confirmed.</p>	<p>❖ Honorable chair, the management has obtained details of on the proportion of women of reproductive age (aged 15–49 years) who have their need for family planning satisfied with modern methods from the county level population segment estimates as shown in Appendix ii. The data indicates that there is an estimated 5261 women of child</p>	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Unutilized Infrastructure Facilities</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.31,698,562 as disclosed in Note 31 to the financial statements. Physical inspection in the month of November, 2024 indicated that the hospital has a building which was completed on 14 October, 2016 but it was not in use eight years later due to lack of hospital beds. In addition, the hospital has a septic tank, which had also not been put into use for over twenty-eight months after completion since the plumbing works connecting it to the wards has not been done.</p>	<p>bearing age which makes up 20.42% of catchment population.</p>		
5.	<p>Unutilized Infrastructure Facilities</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.31,698,562 as disclosed in Note 31 to the financial statements. Physical inspection in the month of November, 2024 indicated that the hospital has a building which was completed on 14 October, 2016 but it was not in use eight years later due to lack of hospital beds. In addition, the hospital has a septic tank, which had also not been put into use for over twenty-eight months after completion since the plumbing works connecting it to the wards has not been done.</p> <p>In the circumstances, the delay in usage of the facility denies the residents access to quality healthcare services and the public may also not realize value for money spent.</p>	<p>❖ Honorable chair, the management is working together with the Department of health to ensure that the unutilized ward is equipped and put into use. Worth noting, at the beginning of the current financial year 2024/2025, this ward which had not been utilized has now been equipped with 40 beds and is ready for occupation.</p> <p>❖ Honorable chair, the hospital septic tank</p>	Resolved	

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

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)
6.	<p>Stalled Construction of a Patient Ward</p> <p>Review of the Report of the Medical superintendent at page xv of the financial statements reveals that there is stalled. Further information reveals that the contract for the completion of the male ward was awarded on 3 March, 2022 at a contract sum of Kshs.997,090. Physical inspection on November, 2024 indicated the works stalled. It is further indicated that the County Government of Nakuru promised to take up and complete the project. However, there is no indication that the project has been taken over by the County.</p> <p>In the circumstances, value for money on expenditure incurred on completion of a stalled patient ward could not be confirmed.</p>	<p>which had also not been put into use for over twenty-eight months because of incomplete plumbing works connecting it to the wards is now complete.</p> <p>❖ Honorable chair, the management commits to ensuring a completion of the patient ward so that patients can get the much needed healthcare services. Worth noting the stalled construction was taken over by the county government of Nakuru and handed over to the contractor</p>	Resolved	

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

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)
7.	<p align="center">Non-Compliance with First Expiry First Out Method</p> <p>Review of delivery notes indicated receipt of medical products amounting to Kshs.453,709.60 but the stock cards used to issue the products to various departments in the hospital did not indicate the batch number and the expiry dates which could be the basis for issuing stocks using First Expiry First Out (FEFO) method. This was contrary of the Ministry of Health Guidelines on Management of Health Products and Technologies 2020 which require medical products to be issued from the store through the principle of First Expiry First Out (FEFO).</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>❖ Honorable chair, the management in agreement with the auditor's findings, however we have committed to ensure proper internal controls on FEFO is implemented as recommended.</p> <p>❖ Worth mentioning honorable chair, the EMR system that was previously used in the hospital did not have FEFO module of dispensing drugs. In</p>	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the month of December honorable chair, the EMR was upgraded to 2.X which has FEFQ module of dispensing drugs which going forward will help the hospital minimize on the expiry of drugs.</p>		
8.	<p>Irregular Engagement of Casual Workers</p> <p>The statement of financial performance reflects employee costs amount of Kshs.21,644,756 as disclosed in Note 16 to the financial statements. Included in the amount is Kshs. 1,760,096 which relates to payment of remunerations to casual workers and contract staff. In the year under review, the Hospital engaged eight (8) casuals.</p> <p>Examination of the casual payment payroll revealed that Management engaged casual workers for more than three months. This was contrary to the County Public Service Human Resource Manual, May 2013 Section B.16(1). In the circumstances, Management was in breach of the law.</p>	<p>❖ Honorable chair, the management acknowledges the auditors findings, however due to the nature of the work at the hospital, the casual workers need to undergo training which consumes a lot of time and manpower and makes it difficult to carry out after every</p>	Not Resolved	1-2 years

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

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)
1.	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p> <p>Poor Storage of Medical Commodities</p> <p>Physical inspection indicated that the hospital does not have a drug store. Therefore, both pharmaceuticals and non-pharmaceuticals commodities be stored in the pharmacy which also serves as the dispensing point for outpatients resulting in keeping boxes containing the drugs on the floor. In addition, there were no cold chain backup systems and vaccines had to be transported to nearby health facilities in the event of power outages.</p> <p>In the circumstances, the poor storage of pharmaceuticals and non-</p>	<p>3 months. To resolve this matter the management is in contact with the county public service board to give all casual workers a short term contracts e.g 1 year</p>	<p>Resolved</p>	
		<p>❖ Honorable chair, the management has constructed a drug store which is now being used at the facility. Pellets have been laid on the floor to ensure that the boxes do not touch the concrete cement. The shelves have also been installed for proper storage of medical commodities.</p>		

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

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)
	pharmaceuticals may result to high rates of expiries and damages			

Guidance Notes:

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



Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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

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		

Keringet Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx

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

