

REPUBLIC OF KENYA



REPORT

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ON

KILIFI COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KILIFI

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KILIFI COUNTY REFERRAL HOSPITAL LEVEL 4 HOSPITAL

(Kilifi 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)

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
CPA	Certified Public Accountant
Dr.	Doctor
PNO	Principle Nursing Officer
Bscn	Bachelor of Science Nursing
Dip.	Diploma
B.Com	Bachelor of Commerce
NHIF	National Hospital Insurance Fund
MBM	Master of Business Management
DANIDA	Danish International Development Agency
CEO	Chief Executive Officer
IPSAS	International Public Sector Accounting Standards
HSIF	Health Services Improvement Fund
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Kilifi County Referral Hospital Information and Management

(a) Background information

Kilifi County Referral Hospital is a level (4) hospital established under gazette notice number XCI-No. 427 January 1984 and is domiciled in Kilifi County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The mission of the hospital is to promote and participate in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans. The Vision of the hospital is providing high-quality, specialized, and accessible healthcare services to its residents, including those in rural areas and underserved populations, while fostering patient safety and improving overall health outcomes through various outreach programs and partnerships. The Kilifi County Referral Hospital's core objectives, derived from the Kilifi County Integrated Development Plan (CIDP) and the Department of Health's initiatives, focus on providing high-quality, accessible, and affordable healthcare services through improving infrastructure, equipping facilities, strengthening primary care outreach, enhancing specialized diagnostic capabilities like radiology, building capacity through training and international partnerships, and integrating people-centred health services like palliative care.

(c) Key Management

Kilifi County Referral Hospital's management is under the following key organs:

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Gilbert Katana Angore
2.	Head of finance	Wahida Jamal Athman
3.	Head of supply chain	Jane Mutula
4.	Fund Administrator	CPA Racheal Bahati
5.	Hospital Administrative Officer	Selina Katana
6.	Hospital Matron	Mildred Chironda
7.	Hospital Laboratory Manager	Cecilia Ndawa Mtanje
8.	Hospital Clinical Officer in-charge	Munira Masa
9.	Hospital Health Records in-charge	Margaret Eghwa Mwambuwa
10.	Funeral Home	Neville Nyale
11.	Out-Patient in-charge	Grace Mbui
12.	Biomedical Engineer	Herbat Heba
13.	Stores in-charge	Bakari Ndurya

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i. The County Assembly

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 Kilifi ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee.

(f) Entity Headquarters

P.O. Box 9 – 80108,
Kilifi County Referral Hospital,
Hospital Road,
Kilifi, Kenya.

(g) Entity Contacts

Telephone: (+041) 7522777
E-mail: kilificountyhospital@kilifi.go.ke
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kilifi Branch
P.O. Box 528 - 80108
Kilifi, Kenya.

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National Bank of Kenya
Kilifi Branch
P. O. Box 1392 -80108
Kilifi, Kenya.

Co-operative Bank
Kilifi Branch
P.O. Box 96 – 80108
Kilifi, Kenya.

(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



Kilifi Plaza
Hospital Road
P. O. Box 915 – 80108
Kilifi, Kenya.

3. The Board of Management





Ref	Directors	Details
1.	 Mr. George Kitonga Chairman	<p>Mr George Kitonga is a retired civil servant. He is 69 years of age. He holds a Master’s degree in Labour Studies. He has vast experience in the field of human resources and labour relations.</p>
2.	 Ms. Amina Salim Hussein Member	<p>Madam Amina is a vibrant community worker. She manages community-based associations in Kilifi Town.</p>
3.	 Miss Brenda Kalume Member	<p>Miss Brenda is an accomplished accountant. She is also involved in community activities in Kilifi.</p>




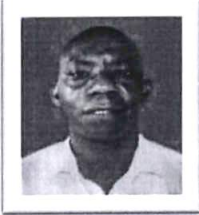
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4.	 Mrs. Ephie Chari Member	<p>Madam Ephie Chari is a retired teacher. She is 59 years of age. She holds a Bachelor’s degree in Education. She also does extensive community service.</p>
5.	 Dr. Gilbert Katana Angore Medical Superintendent Hospital Secretary	<p>Dr. Gilbert Katana Angore is an Obstetrics and Gynaecology consultant. He is 39 years of age. Dr. Angore has extensive experience in clinical practice and hospital leadership.</p>
6.	 Mr. Patrobas Mangi Member	<p>Mr Patrobas Mangi is a physiotherapy technician. He is 79 years of age. He holds a Diploma in Physiotherapy (Physical Medicine). He previously worked at then Kilifi District Hospital for 28 years Currently He operates his private clinic.</p>
7.	 Mr. Simon Muli Musili	<p>Mr. Simon Muli is a pastor representing the Christian community. He resides in Sokoni Ward of Kilifi North Sub County.</p>



8	 <p>Mrs. Fedis Mumba Member</p>	<p>Madam Fedis Mumba is a retired nurse. She is 59 years of age. She holds a Master of Science degree in Public Health. She has immense experience spanning over thirty years in the vocation.</p>
9	 <p>Mr. Jamal A Omar Member</p>	<p>Mr Jamal A Omar is a retired Civil Servant. He is 65 years of age. He holds a Diploma in Business Administration. He worked at the National Treasury Kilifi office.</p>

4. Key Management Team

Ref	Management	Details
8.	 <p>Dr. Gilbert Angore Obstetrics and Gynaecology Consultant</p>	Medical Superintendent
9.	 <p>Mildred Chironda Bscn. PNO</p>	Nursing officer in charge
10.	 <p>Selina Katana B.Com</p>	Health Administrative Officer
11.	 <p>Wahida Jamal Athman MBM, B.Com, CPA Finalist</p>	Hospital Accountant

12.	 <p>Cecilia Ndawa Mtanje Bachelor in Laboratory Science</p>	Laboratory Manager
13.	 <p>Munira Masa Bachelor's in Health System Management</p>	Clinical Officer in charge
14.	 <p>Margaret Eghwa Mwambuwa Dip. Health Records Information</p>	Health Records Officer In Charge
15.	 <p>Neville Nyale Dip. Mortuary Science</p>	Funeral Home Manager

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16.	 <p>Grace Mbui Bscn Nurse PNO</p>	Out patient In Charge
17.	 <p>Herbert Heba</p>	Biomedical Engineer
18.	 <p>Bakari Ndurya</p>	Stores in Charge

5. Chairman's Statement

It is my pleasure to present on behalf of the board Members, the Kilifi County Hospital financial statements for the year ended 30 June 2025. The financial statements present the financial performance of the Hospital over the past year.

Highlight of Key activities.

The hospital and its stakeholders are increasingly emphasising on the need for continuous improvement on the quality of care for our clients and a safe and conducive environment for members of staff. This year the hospital commissioned new digital x-ray Machine, CT scan and an oncology clinic. These enhancements were done with the view of improving the quality of care. Moreover, the new services have improved revenue collected providing more finances for quality improvement.

Successes

The hospital has marked a significant milestone in its journey toward advanced patient care with the successful installation of a state-of-the-art digital X-ray machine and a cutting-edge CT scan unit. These technologies have dramatically improved diagnostic accuracy and speed, enabling clinicians to make faster, more informed decisions. Complementing these advancements is the launch of a dedicated oncology clinic, which now provides specialized cancer care and treatment under one roof. Together, these developments reflect the hospital's unwavering commitment to innovation, excellence, and the health of the community it serves as well as increase in the hospital's revenue.

Challenges

Service delivery is constrained by an acute staff shortage and dilapidated infrastructure.

Way forward

The board is spearheading survey of the hospital piece of land. Its focus on quality service delivery is unaverred. More services are being introduced in the departments. Engagements have been made with the county government and well-wishers to finance advanced equipment purchase and infrastructure development.

Conclusion

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and fellow board members for their continued support which made us achieve these results.

I look forward to your continued support in the future.

Signed:



.....

George Kitonga
Chairman to the Board

6. Report of The Medical Superintendent

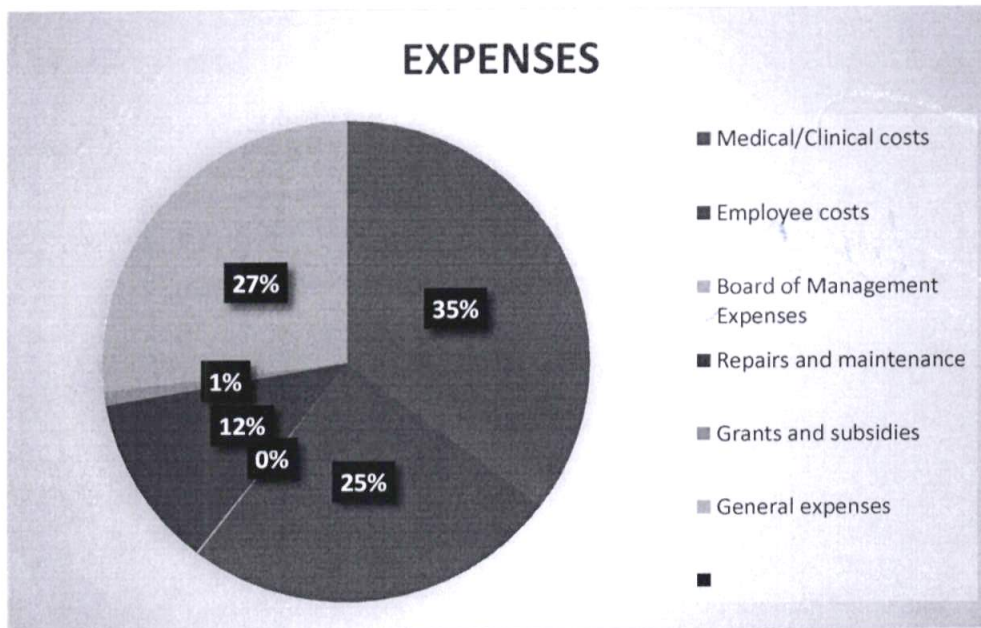
It is my pleasure to present Kilifi County Hospital financial statements for the year ended 30 June 2025. The financial statements present the financial performance of the Fund for the financial year 2024/2025.

Key performance highlights

The approved budget for the hospital in FY 2024/2025 was Kshs. 328,251,444. During the financial year the hospital received revenue of Kshs. 243,368,614 by the end of the financial year June 2025.

Budget utilisation

Hospital expenditure for the period was Kshs. 328,048,536 against a budget of Kshs. 326,456,724.04 representing absorption of 99.51%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

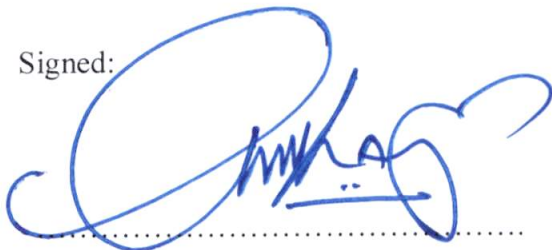


It is necessary to note that 35% of the hospital budget was used on Medical/clinical costs, 25% on Employee costs, 27% on general expenses and 12% on repair and maintenance.

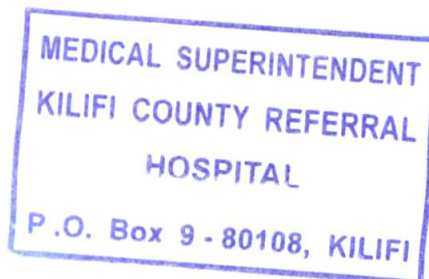
Conclusion

FY 2024/2025 was a transformative year for Kilifi County Referral Hospital, marked by significant strides in service quality and technological advancement. With a clear trajectory toward prosperity, the hospital strengthened its diagnostic capabilities through strategic placement contracts, granting access to cutting-edge equipment including a newly commissioned digital X-ray machine and CT scan—both expected to boost revenue and enhance patient care. In parallel, Kilifi County Referral Hospital emerged as a leader in the digitisation of medical records, streamlining operations and empowering staff to deliver faster, more efficient services. These initiatives have elevated the overall patient experience, setting a new benchmark for excellence in healthcare delivery.

Signed:



Dr. Gilbert Katana Angore
Medical Superintendent
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government hospital's performance against predetermined objectives.

Kilifi County Hospital has the sole strategic objectives of improving quality of healthcare.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery	To Establish and enhance good clinical governance	Improved health care service delivery in hospitals	<ul style="list-style-type: none"> Develop hospital drug formulary. Reduce mobility and mortality. 	<ul style="list-style-type: none"> Hospital Drug formulary in place. %reduction in morbidity and mortality.
	To ensure Quality Diagnostic Services	<ul style="list-style-type: none"> Number of advanced investigations conducted Accreditation of services 	<ul style="list-style-type: none"> Introduce new specialized Services Adhere to Quality Standards 	<ul style="list-style-type: none"> UECs Culture sensitivity etc done 24 hours EEG, ECG AND ECHO introduced and working 24 hours.
	Facilitate prudent Financial Management	<ul style="list-style-type: none"> Financial Reports % increase in Resource allocation to departments 	<ul style="list-style-type: none"> Provide E and M-Payment Strengthen use of financial and procurement policies and guidelines 	<ul style="list-style-type: none"> M-payment at the Linkage Stage Financial and procurement policies and guidelines in place
Quality Improvement	<ul style="list-style-type: none"> Enhance Continuous Quality Improvement 	<ul style="list-style-type: none"> Training Reports 	<ul style="list-style-type: none"> Training of staff on KQMH 	<ul style="list-style-type: none"> Staff trained and its continuous
	<ul style="list-style-type: none"> Enhance customer care services 	<ul style="list-style-type: none"> Customer care desks 	<ul style="list-style-type: none"> Customer care desks 	<ul style="list-style-type: none"> one customer desks introduced at outpatient, at the entrance & Casualty
		<ul style="list-style-type: none"> Minutes of the change Agents 	<ul style="list-style-type: none"> Minutes of the change Agents 	

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Human Resource	<ul style="list-style-type: none"> Improved performance management 	<ul style="list-style-type: none"> Human Resource Department established and functional 	<ul style="list-style-type: none"> Establish Human Resource Department 	<ul style="list-style-type: none"> Human Resource Department functional
			<ul style="list-style-type: none"> Conduct Quarterly and Annual Staff Appraisal 	<ul style="list-style-type: none"> Staff Appraisals Done
	<ul style="list-style-type: none"> To develop Staff 	<ul style="list-style-type: none"> % staff trained 	<ul style="list-style-type: none"> Carry out and Implement training Needs Assessment 	<ul style="list-style-type: none"> Training needs Identified
		<ul style="list-style-type: none"> Training Needs Report 		
	<ul style="list-style-type: none"> Staff Motivation 	<ul style="list-style-type: none"> Staff Satisfaction Report 	<ul style="list-style-type: none"> Staff Recognition, rewards and Suctions 	<ul style="list-style-type: none"> All staffs awarded at an annual staff party
		<ul style="list-style-type: none"> Client Satisfaction 	<ul style="list-style-type: none"> Annual Staff Party 	<ul style="list-style-type: none"> Annual staff party was done successfully
		<ul style="list-style-type: none"> Minutes 	<ul style="list-style-type: none"> Improving The staff Levels 	<ul style="list-style-type: none"> All Staffs are involved in decision making through various committees, HMT, Departmental meeting, staff meeting days,
			<ul style="list-style-type: none"> Staff involvement on decision making 	
			<ul style="list-style-type: none"> Remuneration 	
Leadership and Governance	<ul style="list-style-type: none"> Enhance policy dissemination and implementation 	<ul style="list-style-type: none"> % Increase in hospital performance 	<ul style="list-style-type: none"> Monthly staff meeting 	<ul style="list-style-type: none"> Quarterly board meetings Achieved with Few Special Meetings
		<ul style="list-style-type: none"> No of staff Meetings 	<ul style="list-style-type: none"> Quarterly Board meeting 	
		<ul style="list-style-type: none"> No of HMB meetings 	<ul style="list-style-type: none"> Implementation of strategic plan 	
	<ul style="list-style-type: none"> Enhanced Leadership and Governance Capacity 	<ul style="list-style-type: none"> Management Audit Report 	<ul style="list-style-type: none"> Capacity Building for board ,senior and middle level managers 	<ul style="list-style-type: none"> Capacity building done to all level of management
		<ul style="list-style-type: none"> Board of Survey report 	<ul style="list-style-type: none"> Develop and implement internal controls 	<ul style="list-style-type: none"> Internal controls developed and continuous
	<ul style="list-style-type: none"> Networking and Collaboration 	<ul style="list-style-type: none"> No of meetings held with partners 	<ul style="list-style-type: none"> Mapping of stakeholders 	<ul style="list-style-type: none"> Several Meetings Held
		<ul style="list-style-type: none"> No of stakeholders identified 	<ul style="list-style-type: none"> Exchange and Benchmarking program 	<ul style="list-style-type: none"> Several stakeholders such as world vision
			<ul style="list-style-type: none"> Consultative meetings with partners and stakeholders 	
Medical products, Vaccines and Technology		<ul style="list-style-type: none"> Client Satisfaction 	<ul style="list-style-type: none"> Strengthening of procurement process 	<ul style="list-style-type: none"> Procurement plan in place and functioning
		<ul style="list-style-type: none"> Availability of Products 	<ul style="list-style-type: none"> Implementation of procurement plan 	<ul style="list-style-type: none"> Reduction in stock out by approximately 30%
		<ul style="list-style-type: none"> % of reduction in stock-out 	<ul style="list-style-type: none"> Strengthen Commodity Management cycle 	

Kilifi County Hospital develops its annual work plans based on improving the quality of healthcare.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic objective

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government hospital’s performance against predetermined objectives.

Kilifi County Hospital has the sole strategic objectives of improving quality of healthcare.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
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Healthcare Financing and Sustainability	Facilitate prudent Financial Management	<ul style="list-style-type: none"> Financial Reports % increase in Resource allocation to departments 	<ul style="list-style-type: none"> Provide E and M-Payment Strengthen use of financial and procurement policies and guidelines 	<ul style="list-style-type: none"> M-payment at the Linkage Stage Financial and procurement policies and guidelines in place
	<ul style="list-style-type: none"> Enhance Continuous Quality Improvement Enhance customer care services 	<ul style="list-style-type: none"> Training Reports Customer care desks Minutes of the change Agents 	<ul style="list-style-type: none"> Training of staff on KQMH Customer care desks Minutes of the change Agents 	<ul style="list-style-type: none"> Staff trained and its continuous one customer desks introduced at outpatient, at the entrance & Casualty

Kilifi County Hospital develops its annual work plans based on improving the quality of healthcare.

8. Corporate Governance Statement

The Kilifi County Hospital Board of Management is established under Section 12 of the Kilifi County Health Services Improvement Fund Act, 2016, enacted by the County Assembly of Kilifi.

The board is mandated to:

- Mobilize resources for the hospital
- Provide guidance to hospital management
- Consider and adopt Fund Board reports and policies

According to the 2016 Act, the board comprises seven members, including:

- A Chairperson, appointed by the County Executive Member for Health Services.
- The Medical Superintendent, who serves as the Secretary to the board.

The board is responsible for the long-term strategic direction of the hospital. Members are expected to exercise leadership, enterprise, integrity, and judgment in directing the Fund.

Board members are provided with full, appropriate, and timely information to maintain effective control over:

- Strategic issues
- Financial matters
- Operational activities
- Compliance obligations

While day-to-day operations are delegated to the Medical Superintendent, the board is responsible for establishing and maintaining the hospital's internal control systems to fulfil its financial support mandate.

The HSIF Act, 2016, does not include a succession plan. This is because:

- Board membership is not permanent.
- Each member serves a three-year term, with eligibility for one reappointment (maximum of six years total)
- The selection, appointment, and gazettement process is well-defined and elaborate

As such, a succession plan is not deemed necessary for anticipating or preparing for retirement transitions.

Termination of the board is done by;

- The Chairperson and Board Members are appointed for a three-year term
- Members are eligible for reappointment for one additional term only

A member of the Management Committee shall vacate their position under any of the following circumstances:

- Non-Attendance: Failure to attend three (3) consecutive committee meetings without valid justification
- Ethical Violation: Breach of provisions outlined in Chapter 6 of the Constitution of Kenya
- Residency or Jurisdiction Change: No longer residing in Kilifi County or Sub-County, or ceasing to work within the Hospital's jurisdiction
- Voluntary Resignation: Submission of a formal resignation from the committee
- Death: Upon the death of the member
- Medical Incapacity: Prolonged physical or mental illness that renders the member unable to attend meetings or discharge their duties effectively

The Board convenes on a quarterly basis, or as necessary, to oversee the implementation of the Fund's strategic plan and monitor progress toward the performance contract targets. In addition to strategic oversight, the Board plays a critical role in supervising all financial and operational matters. During the Fiscal Year 2024/2025, the Board successfully held four (4) full meetings. Remuneration for the board members is Ksh. 15,000 for the Chairman of the board and Ksh. 10,000 for the members of the board.

The Hospital Board shall perform the following key functions:

- Actively mobilize resources to support and sustain the operations of the Fund.
- Monitor and evaluate the performance of the Hospital Management Fund Boards to ensure accountability and effectiveness.
- Receive, consider, and adopt reports submitted by the Office of Auditor General.
- Approves the Budget and amends if there is a need.
- Develop and approve clear criteria for the granting of waivers and exemptions to ensure fairness and transparency.

During the current financial year, the Health Services Improvement Fund (HSIF) conducted a comprehensive induction and training program for newly appointed Board members. The primary objective was to equip participants with a deeper understanding of:

- The background and structure of health services
- Relevant laws, policies, and regulations governing healthcare delivery
- Strategies for enhancing access, accountability, and efficient resource utilization

The training empowered Board members with essential leadership, management, and governance skills to effectively support the oversight and administration of health facility resources. Key areas of focus included:

- Roles and responsibilities in strategic leadership and governance
- Fundamentals of health facility planning, including the planning cycle
- Oversight of financial resource management, emphasizing
- Establishing of internal controls
- Implementation of financial risk management practices

Internal Control and Risk Management

1. Internal Control Oversight

The Board of Directors is responsible for reviewing the effectiveness of the Fund’s internal control system.

These controls are designed to provide reasonable—not absolute—assurance regarding:

- Safeguarding of assets against unauthorized use or disposal
- Maintenance of accurate and reliable accounting records
- Integrity of financial information used internally and for public reporting

While these controls aim to manage risks, they cannot entirely eliminate the possibility of failure to meet business objectives due to foreseeable circumstances. As such, they offer reasonable assurance against material misstatement or financial loss.

2. Organizational Structure

A clear organizational structure is in place, outlining defined lines of authority and control responsibilities to support accountability and effective decision-making.

3. Internal Control Framework

The Hospital maintains a robust internal control framework, which is continuously reviewed to ensure its effectiveness. Business processes and control mechanisms are assessed regularly to strengthen the internal control environment and adapt to emerging risks.

4. Management Implementation

The Management Team, led by the Medical Superintendent, is tasked with implementing Board decisions through actionable plans. The team convenes regularly to monitor progress and ensure that strategic objectives are achieved efficiently and effectively.

5. Independent Audit

The Fund is subject to an external audit conducted by the Auditor-General, ensuring transparency, accountability, and compliance with statutory financial reporting standards.

9. Management Discussion and Analysis

1. Operational Overview

Kilifi County Referral Hospital serves as a key health institution in the region, offering specialized services including maternal care, renal dialysis, and emergency response. The hospital also has a digital X-Ray machine and CT scan which helps the patients to access absolute and fast services. The hospital has expanded its capacity and infrastructure to meet rising demand, with notable improvements in patient flow and service delivery.

2. Performance Highlights

- **Patient Volume Growth:** Increased outpatient and inpatient visits due to improved accessibility and community outreach.
- **Specialized Services:** Introduction of gynaecologic, oncology and dialysis units has enhanced the hospital's referral capabilities.
- **Emergency Services:** A 24/7 ambulance system has significantly improved response times across the county.

3. Quality Management Initiatives

With the advice of the Quality Improvement Team, the following have been implemented;

- **Employee Empowerment:** Staff are encouraged to participate in decision-making, fostering ownership and accountability.
- **Customer Focus:** Patient feedback mechanisms have been introduced to improve service quality.
- **Continuous Improvement:** Benchmarking and training programs have cultivated a culture of excellence.

4. Challenges

- **Resource Constraints:** Limited funding and staffing shortages continue to affect service delivery.
- **Supply Chain Gaps:** Occasional delays in medical supplies impact operational efficiency.

- Infrastructure Limitations: Despite upgrades, some departments still face overcrowding and equipment deficits.

5. Strategic Outlook

- Partnerships: Collaborations with NGOs and government bodies are being strengthened to improve funding and technical support.
- Technology Integration: Plans to digitize patient records and streamline administrative processes are underway.
- Community Engagement: Expanded health education and preventive care programs aim to reduce disease burden.

In the year under review, the performance was recorded as below;

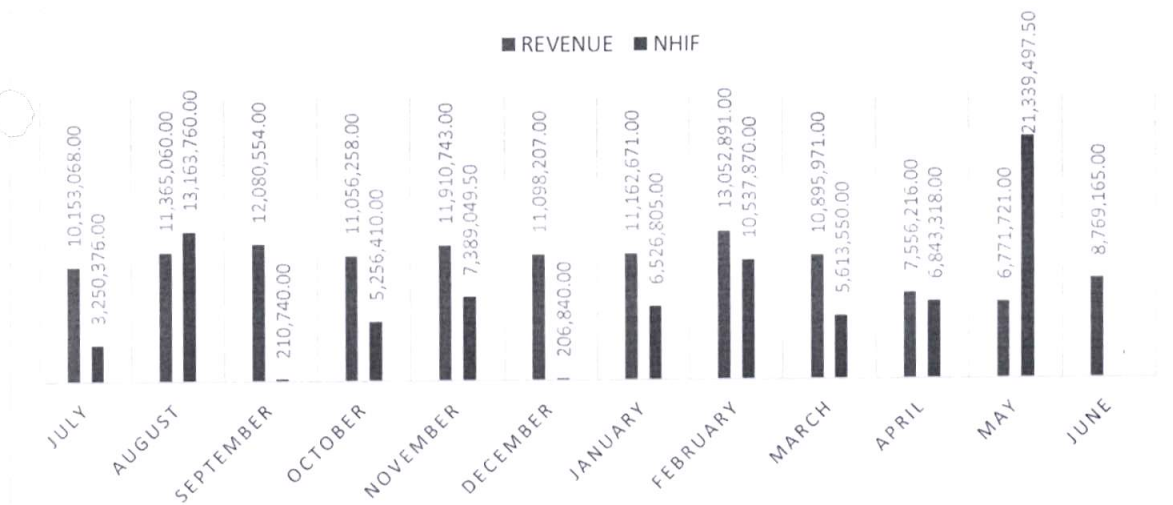
- The outpatient department recorded a maximum of 20,861 patients seen on the month of March, 2024 and a minimum of 9,151 patients seen on the month of August, 2023.
- The Surgical Theatre was utilized the most on the month of February, 2024 with 496 cases while the minimum cases recorded was 242 surgeries done in the month of June, 2024.
- The Accident and Emergency department recorded a maximum of 1,150 patients visits on the month of October, 2023 and the least number of patient visits was on the month of November, 2023 with 110 patient visits.
- Hospital in-patient visits was recorded at 1,331 as the highest admissions on the month of February, 2024 and the least number of admissions was recorded on the month of October, 2023 with 825 admissions.
- The Average length of stay for a patient in the hospital is 8 days which is on September, 2023 January, 2024 and March, 2024.
- The death rate per 1000 population was the highest in the month of March, 2024.

Financial performance that includes: -

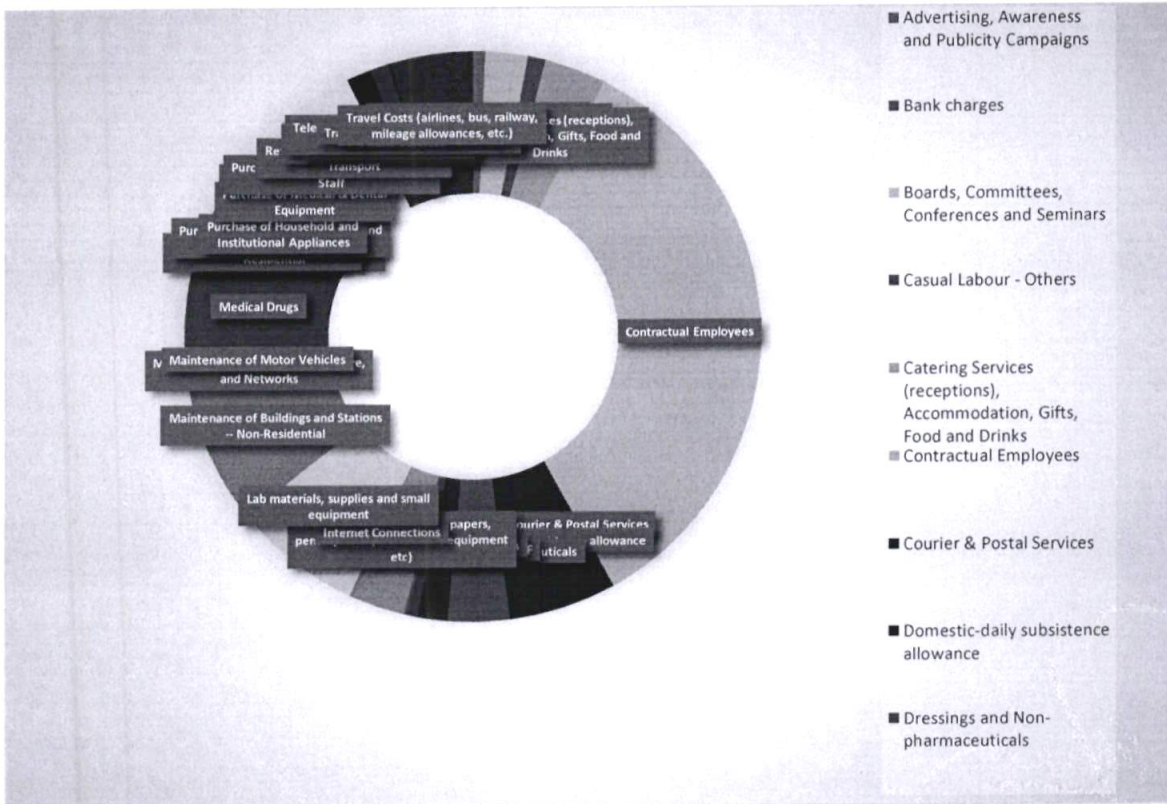
- *Revenue sources,*

Kilifi County Hospital raises its revenues from user fees. These are received through bank collecting agents and mobile money and through NHIF reimbursements.

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



○ *Utilisation of funds etc*



10. Environmental And Sustainability Reporting

Kilifi County Hospital exists to transform lives as it plays a key role in achieving universal health coverage. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the citizen first, delivering quality healthcare services, and improving operational excellence. Below are the hospital's highlights.

i) Sustainability strategy and profile

The hospital is keen on achieving universal healthcare for the population of Kilifi County. In the period under review the hospital improved financial management and fiscal transparency of hospital staff in budgeting, resource tracking and budget advocacy. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability.

ii) Environmental performance

Kilifi County Hospital applies the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization.

Successes

We are having colour-coded waste receptacles for segregation at all generation points in the departments. Kilifi County Hospital has invested in shredding, disinfection and incineration that helps us treat our waste and we only dispose of non-contaminated waste to the dumping site.

Challenges

- Frequent breakdown of the equipment and the cost of repair.
- High cost of electricity bill.

Efforts to Reduce Environmental Impact of Waste Products

The waste shredder installed at Kilifi County Hospital disinfects waste Ash from the incinerator is harmful, hence all waste is rendered harmless before being discharged to dumpsites.

Environmental and Sustainability Reporting (Continued)

iii) Employee welfare

Staff are engaged by the Kilifi County Public Service Board which applies all due ethical and regulatory policies for hiring. The hospital engages in Continuous Medical Education (CME) for its staff. The hospital further sponsors staff to conferences and workshops organised by professional institutions and associations. The hospital complies with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

a) Responsible competition practice.

Kilifi County Referral Hospital is a corruption free zone. The Hospital is in the service of healthcare to all people and does not take any political bias. The hospital appreciates healthcare as an essential social service and conducts its activities in collaboration, fairness and mutual respect for other health facilities.

b) Responsible Supply chain and supplier relations

Kilifi County Referral Hospital applies the Public Procurement and Disposal Act 2015 guidelines for supply chain and supplier relations.

c) Responsible marketing and advertisement

Kilifi County Referral Hospital is a public provider of essential services and does not engage in marketing and advertising of its services. However, in executing her mandate of health promotion, the Hospital uses print, audio and visual media to pass health information to the public.

d) Product stewardship

Kilifi County Referral Hospital subject's services and charges to public participation to ensure consumer rights and interests are considered.

v) Corporate Social Responsibility / Community Engagements

The hospital engages with the community through medical outreaches to promote health education. In the period under review, the hospital conducted surgical camps where members of the public benefited from free surgical procedures.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the hospital are to provide quality and affordable preventive, promotive, rehabilitative and curative health services.

Results

The results of the hospital for the year ended June 30, 2025 are set out on page 1 – page 45

Board of Management

The members of the Board who served during the year are shown on page vii.

Auditors

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

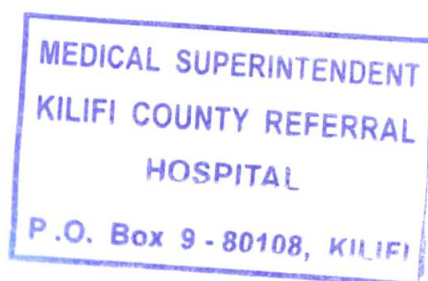
By Order of the Board

Signed:



Dr. Gilbert Katana Angore

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 hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the Hospital for that year/period. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

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

The Board of Management accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the 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 the Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

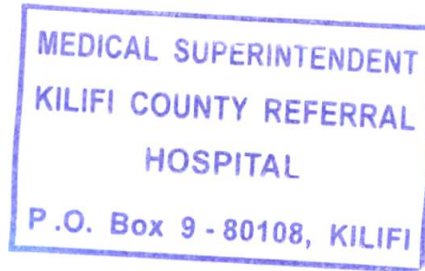
The Hospital's financial statements were approved by the Board on 30th November, 2025 and signed on its behalf by:



.....
Mr. George Kitonga
Chairperson
Board of Management



.....
Dr. Gilbert Katana Angore
Medical Superintendent



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KILIFI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kilifi County Referral Hospital - County Government of Kilifi set out on pages 1 to 42, which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kilifi County Referral Hospital - County Government of Kilifi 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 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Additions to Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.38,754,598 in respect of property, plant and equipment as disclosed in Note 21 to the financial statements. The balance includes additions for the year of Kshs.24,756,690. However, the additions have been omitted in the statement of comparison of budget and actual amounts.

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

2. Variance between Financial Statements and Supporting Schedules

The financial statements reflect amounts in eight (8) items that vary with corresponding schedules as indicated below:

Particulars	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance (Kshs)
Revenue from Non-Exchange Transactions	318,326,846	243,368,614	74,958,232
In-Kind Contribution from County Govt	96,937,420	95,444,387	1,493,033
Revenue from Exchange Transactions	129,057,359	-	129,057,359
Employee Costs	77,864,705	78,227,997	363,292
Depreciation & Amortization Expenses	8,389,422	8,038,090	351,332

Particulars	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance (Kshs)
Cash and Cash Equivalent	1,859,776	193,740	1,666,036
Current Portion of Receivables	118,898,089	-	118,898,089
Intangible Assets	30,100,000	-	30,100,000

The variances have not been explained.

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

3. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.61,758,030 as disclosed in Note 20 to the financial statements. However, the movement schedule, stock take sheets or report was not provided for audit.

In the circumstances, the accuracy, completeness and existence of the inventories balance of Kshs.61,758,030 could not be confirmed.

4. Inaccurate Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.66,487,213 as disclosed in Note 22 to the financial statements. However, the movement schedule and detailed aging analysis indicating the name of the creditors, LPO/LSO number and invoice number was not provided for audit.

In the circumstances, the accuracy, completeness and existence of trade and other payables balance of Kshs.66,487,213 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Referral Hospital – County Government of Kilifi 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.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness on Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following nine (9) issues remained unresolved:

No	Financial Year	Audit Issue
1	2023/2024	Inaccurate Expenditure on Employee Costs
2	2023/2024	Inaccurate cash and cash Equivalent Balance
3	2023/2024	Unsupported Inventory Balance
4	2023/2024	Failure to submit Revenue Reports to County Treasury
5	2023/2024	Irregular Expenditure on Repair and Maintenance of Property Buildings
6	2023/2024	Irregular Procurement for Motor Vehicle Expenses
7	2023/2024	Failure to Undertake Internal Audit
8	2023/2024	Poor Controls on Waiver Management
9	2023/2024	Failure to update the Fixed Asset Register

Other Information

The Management is responsible for the Other Information set out on page iii to xxx 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 Law on Disability and Ethnic Composition

Review of personnel records for the three hundred and eight (308) permanent staff revealed that only one (1) or zero percent (0.001%) of the workforce were people living with disability contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which states that every employer shall where an employer has at least twenty employees, reserve at least five per cent direct employment opportunities for persons with disabilities to secure employment. Further, sixty eight percent (68%) of the total staff population are from the dominant ethnic group in the County. This was in breach of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Non-compliance with the Kenya Quality Model for Health for Level 4 Hospital Requirements

Review of documents revealed that the Hospital had fifty-three (53) medical staff against the minimum requirement of two hundred and nineteen (219) resulting to understaffing by one hundred and sixty-six (166) members of staff or 76% which included the shortage of specialists such as anesthesiologists, gynecologists and pediatrics. In addition, the Hospital had fifteen (15) equipment and machines against the requirement of forty-four (44) for a Level 4 Hospital resulting to a shortage of twenty-nine (29) or 66% which included shortage of vital services such as functional Intensive Care Unit (ICU) beds and High Dependency Unit (HDU) which require a minimum of six (6) beds.

This was contrary to Gazette Notice No. 786 Vol.CXXII No.24 of 4 February, 2020 which provides for classification of healthcare facilities, including the basic essential primary services each level should carry out. Article 43(1) of the Constitution of Kenya, 2010 provides that every person has the right to the highest attainable standard of health, which includes the right to health care services, including reproductive health care.

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

3. Non-compliance with the Public Sector Accounting Standards Board Financial Reporting Requirements

Key Management Team information excludes academic/professional qualifications, age or work experience. The Report of Medical Superintendent on page xv total budget amount of Kshs.328,251,444 against receipts of Kshs.243,368,614. The statement also reflects expenditure of Kshs.326,456,724 against a budget of Kshs.326,456,724 which are not in agreement with the statement of comparison of budget and actual amounts. The internal control oversight information on page xxii reflects the word Director and Fund instead of Management and Hospital.

In the circumstances, Management did not comply with the Public Sector Accounting Standards Board Financial Reporting Requirements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Function and Audit Committee

Review of the Board of Management meeting minutes revealed there was no functional Internal Audit or Audit Committee established during the financial year under review.

In the circumstances, the internal controls were inefficient due to lack of an Internal Audit Function.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


09 December, 2025

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


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	318,326,846.08	184,513,764.00
In-kind contributions from the County Government	7	96,937,420.29	-
Grants from donors and development partners	8	2,886,400.00	2,168,488.50
			-
		418,150,666.37	186,682,252.50
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	129,057,358.69	-
			-
Total revenue		547,208,025.06	186,682,252.50
Expenses			
Medical/Clinical costs	10	106,949,015.14	39,644,691.24
Employee costs	11	77,864,705.34	81,462,280.49
Board of Management Expenses	12	387,600.00	297,000.00
Depreciation and amortization expense	13	8,389,421.88	3,956,365.05
Repairs and maintenance	14	35,531,180.70	21,279,462.26
Grants and subsidies	15	2,886,400.00	1,650,000.00
General expenses	16	81,294,272.78	64,137,428.32
In-kind contributions from the County Government	7	96,937,420.00	-
Total expenses		410,240,015.84	212,427,227.36
Other gains/(losses)			
Net Surplus / (Deficit) for the year		136,968,009.23	- 25,744,974.86

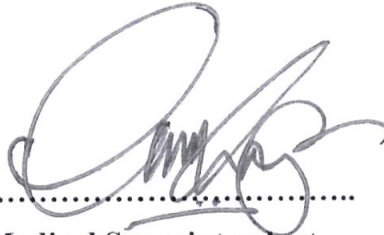
The Hospital's financial statements were approved by the Board on 30th November, 2025 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No: 30736



 Medical Superintendent

MEDICAL SUPERINTENDENT
 KILIFI COUNTY REFERRAL
 HOSPITAL
 P.O. Box 9 - 80108, KILIFI

15. Statement of Financial Position for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	1,859,775.63	157,124.22
Receivables from exchange transactions	19	118,898,089.00	41,677,820.00
Receivables from non-exchange transactions		-	-
Inventories	20	61,758,029.79	31,750,607.17
Total Current Assets		182,515,894.42	73,585,551.39
Non-current assets			
Property, plant, and equipment	21	38,754,597.48	20,108,368.65
Intangible assets	24	30,100,000.00	0
Total Non-current Assets		68,854,597.48	20,108,368.65
Total assets (A)		251,370,491.89	93,693,920.04
Liabilities			
Current liabilities			
Trade and other payables	22	66,487,212.62	45,778,650.00
Total Current Liabilities		66,487,212.62	45,778,650.00
Total Liabilities (B)		66,487,212.62	45,778,650.00
Net assets (A-B)		184,883,279.27	47,915,270.04
Represented by:			
Accumulated surplus/Deficit		184,883,279.27	47,915,270.04
Net Assets		251,370,491.89	95,830,540.08

The Hospital's financial statements were approved by the Board on 30th November, 2025 and signed on its behalf by:



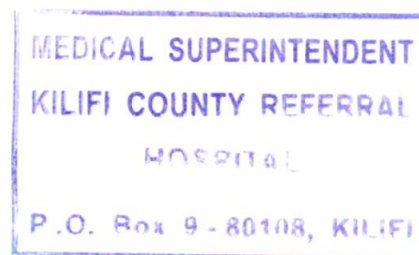
.....
Chairman
Board of Management



Head of Finance
ICPAK No: 30736



Medical Superintendent



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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	31,982,424.90	-	31,982,424.90
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	15,932,845.14	-	15,932,845.14
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	47,915,270.04	-	47,915,270.04
At July 1, 2024 (current year)	-	47,915,270.04	-	47,915,270.04
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	136,968,009.23	-	136,968,009.23
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	184,883,279.27	-	184,883,279.27

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	199,428,757.08	184,513,764.00
Grants from donors and development partners	8	2,886,400.00	2,168,488.50
Rendering of services- Medical Service Income	9	129,057,358.69	
Total Receipts		331,372,515.77	186,682,252.50
Payments			
Medical/Clinical costs	10	106,949,015.14	5,831,130.21
Employee costs	11	77,864,705.34	81,462,280.49
Board of Management Expenses	12	387,600.00	297,000.00
Repairs and maintenance	14	35,531,180.70	21,279,462.26
Grants and subsidies	15	2,886,400.00	1,650,000.00
General expenses	16	81,294,272.78	64,137,428.32
Total Payments		304,913,173.96	174,657,301.28
Net cash flows from operating activities	23	26,459,341.81	12,024,951.22
Cash flows from investing activities			
Purchase of property, plant, equipment	21	- 24,756,690.40	13,048,936.00
Net cash flows used in investing activities		- 24,756,690.40	13,048,936.00
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,702,651.41	1,023,984.78
Cash and cash equivalents as at 1 July 2024	17	157,124.22	1,181,109.00
Cash and cash equivalents as at 30 June	17	1,859,775.63	157,124.22

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	212,441,122	111,179,202	323,620,324	328,486,116	- 4,865,792	102%
Grants from donors and development partners	2,886,400	-	2,886,400	2,886,400	-	100.00%
Total income	215,327,522	111,179,202	326,506,724	331,372,516	- 4,865,792	101%
Expenses						
Medical/Clinical costs	52,295,000	54,673,400	106,968,400	106,949,015	19,385	100%
Employee costs	31,461,430	44,793,220	76,254,650	77,864,705	- 1,610,055	102%
Board of Management Expenses	-	387,600	387,600	387,600	-	100%
Depreciation and Amortazation			-	8,389,422		
Capital expenditure	22,562,051	173,929	22,735,980		22,735,980	0%
Repairs and maintenance	43,161,130	7,598,280	35,562,850	35,531,181	31,669	100%
Grants and subsidies	1,499,499	1,386,901	2,886,400	2,886,400	-	100%
General expenses	64,348,412	17,362,432	81,710,844	81,294,273	416,571	99%
Total Operational Expenditure paid	215,327,522	111,179,202	326,506,724	313,302,596	21,593,550	
Surplus for the period	-	-	-	18,069,920		

19. Notes to the Financial Statements

1. General Information

Kilifi County Referral Hospital is established by and derives its authority and accountability from Kilifi County Health Services Improvement Fund Act 2016. The entity is wholly owned by the Kilifi County Government and is domiciled in Kilifi County in Kenya. The Hospital's principal activity is to provide curative, preventive, promotive and rehabilitative health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard does not impact the hospital</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that</p>

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and 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>

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Hospital 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 19th September, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of Kshs. 111,179,202 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 two 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. Kilifi County Referral Hospital 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 Kilifi County Referral Hospital 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 hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity

measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The hospital does not assess the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity.

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 Kilifi County Referral Hospital.

l. Provisions

Provisions are recognized when the hospital 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 Kilifi County referral Hospital 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 Hospital 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 Hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

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

Changes in accounting policies and estimates

The Hospital 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)

q. Employee benefits

Retirement benefit plans

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Hospital pays fixed contributions into a separate Hospital (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 hospital pays for social security funds for the employees.

r. 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.

s. 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.

t. Related parties

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

u. Service concession arrangements

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

v. 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.

w. Comparative figures

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

x. 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.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the hospital'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 Hospital 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 Hospital. 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 Hospital.
- 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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Unconditional grants		
Receivables from SHA,NHIF,HSIF	118,898,089.00	
Transfers from HSIF Fund received	199,428,757	184,513,764
	318,326,846	184,513,764
Total government grants and subsidies	318,326,846	184,513,764

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	32,827,881	
Utility bills	64,109,539	
Total grants in kind	96,937,420	-

8. Grants From Donors and Development Partners

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Paediatric ward grant- Born on edge		458,489
Research grants		-
Other grants (<i>oxford</i>)	2,886,400	1,710,000
Total grants from development partners	2,886,400	2,168,489

9. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	4,853,138	16,735,699
Non-Pharmaceuticals		-
Laboratory	7,442,377	15,102,626
Radiology	4,865,399	12,388,121
Orthopedic and Trauma Technology	7,934,072	5,859,207
Theatre	567,490	3,832,432
Accident and Emergency Service	1,293,476	8,189,889
Occupational Therapy	992,290	-
Ear Nose and Throat service	8,354,069	502,612
Nutrition service	2,305,083	6,142,328
Public Health	13,905	
Cancer centre service	5,280	-
Dental services	667,212	1,036,206
Dermatology	340,683	-
Inpatient	11,464,512	-

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Farewell home services	20,554,053	21,781,533
Ambulance services	24,150	65,795
Other medical services income (<i>Renal, ICU, Records, Outpatient, Special Clinics, Physiotherapy, Psychiatric</i>)	57,380,168	34,236,077
Total revenue from the rendering of services	129,057,359	125,872,525

10. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	18,228,068	15,990,421
Public health activities		-
Food and Ration	15,228,052	1,246,789
Uniform, clothing, and linen	1,133,784	30,000
Dressing and Non-Pharmaceuticals	32,006,775	7,516,439
Pharmaceutical supplies	23,650,010	14,624,710
Health information stationery		-
Sanitary and cleansing Materials	4,066,672	236,332
Purchase of Medical gases	12,635,655	-
X-Ray/Radiology supplies		-
Other medical related clinical costs (<i>specify</i>)		-
Total medical/ clinical costs	106,949,015	39,644,691

11. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	74,317,163	77,753,439
Contributions to pension schemes	3,547,542	3,708,841
Employee costs	77,864,705	81,462,280

12. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Sitting allowance	387,600	297,000
Total	387,600	297,000

13. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	8,389,422	3,956,365
Total depreciation and amortization	8,389,422	3,956,365

14. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	12,782,856	17,596,982
Medical equipment	12,259,045	-
Computers and accessories	4,283,571	1,058,644
Motor vehicle expenses	2,022,061	2,623,836
Maintenance of Plant, Machinery	4,183,648	-
Total repairs and maintenance	35,531,181	21,279,462

15. Grants And Subsidies

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Other grants and subsidies(<i>oxford</i>)	2,886,400	1,650,000
Total grants and subsidies	2,886,400	1,650,000

16. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	3,331,804	1,407,500
Catering expenses	8,891,658	7,603,215
Insecticides and rodenticides	698,500	369,150
Bank charges	24,714	32,722
Conferences and delegations	2,987,851	4,931,360
Fuel and Lubricants	11,300,007	9,108,511
Travel and accommodation allowance	32,640,325	23,323,860
Courier and postal services	155,438	72,696
Printing and stationery	7,505,044	8,893,822
Rent expenses		180,000
Telephone and mobile phone services	2,935,350	2,224,550
Internet expenses	351,800	419,196
Staff training and development	177,600	351,130
Purchase of Workshop Tools, Spares and Small equipment	5,688,957	-
Other Fuels	474,000	415,700
Supplies and Accessories for Computers and Printers	3,916,600	3,511,062
Household and Institutional Appliances	214,624	1,292,955
Other Operating Expenses		-
Total General Expenses	81,294,273	64,137,428

17. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	1,859,776	157,124
Total cash and cash equivalents	1,859,776	157,124

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1303196085	1,846,501	144,237
Co-Operative Bank	1141779148100	12,406	12,887
National Bank of Kenya	01001068243200	869	-
Sub- total		1,859,776	157,124
Grand total		1,859,776	157,124

19 Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfers from the County Government		
Transfers from HSIF	1,125,780	9,653,022
Reimbursements due from NHIF	39,436,160	32,024,798
Reimbursements due from SHA	78,336,149	
Total	118,898,089	41,677,820

20. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	34,662,479	16,646,628
Non-Pharmaceutical supplies	27,095,551	14,359,422
General supplies		744,557
Less: provision for impairment of stocks		
Total	61,758,030	31,750,607

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Description	Household Appliances	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
Cost					
At 1 July 2023	-	4,122,106.00	3,219,221.00	6,383,448.00	13,724,775.00
Additions	1,010,075.00	392,966.00	264,500.00	11,381,395.00	13,048,936.00
Transfers/adjustments	-	-			-
At 30th Jun 2024	1,010,075	4,515,072	3,483,721	17,764,843	26,773,711.00
					-
At 1 July 2024	1,010,075	4,515,072	3,483,721	17,764,843	26,773,711.00
Additions	3,591,713	2,081,445	7,648,403	11,435,129	24,756,690.40
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th Jun 2025	4,601,788	6,596,517	11,132,124	29,199,972	51,530,401.40
Depreciation and impairment					-
At 1 July 2023	-	93,927	210,525	125,565	430,017.00
Depreciation for the year	126,259	564,384	1,045,116	2,220,605	3,956,365.05
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2024	126,259	658,311	1,255,641	2,346,170	4,386,382.05
					-
At 1 July 2024	126,259	658,311	1,255,641	2,346,170	4,386,382.05
Depreciation	575,224	824,565	3,339,637	3,649,997	8,389,421.88
At 30th June 2025	701,483	1,482,876	4,595,279	5,996,167	12,775,803.93
					-
Net book values					-
At 30 th Jun 2024	883,816	3,856,761	2,228,080	15,418,673	22,387,328.95
At 30 th Jun 2025	3,900,305	5,113,641	6,536,846	23,203,805	38,754,597.48

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Notes to the Financial Statements (Continued)

22 Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	66,487,213		45,778,650	
Total trade and other payables	66,487,213		45,778,650	
Ageing analysis:	Current FY 2023/2024	% of the Total	Comparative FY 2022/2023	% of the total
Under one year	57,207,062	86%	45,778,650	100%
1-2 years	9,280,151	14%		%
2-3 years		%		%
Over 3 years		%		%
Total	66,487,213	100%	45,778,650	100%

23. Cash Generated from Operations

	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	136,968,009	15,932,845
Adjusted for:		
Depreciation	8,389,422	3,956,365
Working Capital adjustments		
Increase in inventory	30,007,423	- 16,022,089
Increase in receivables	68,187,103	20,239,272
Increase in deferred income		
Increase in payables	20,708,563	44,125,620
Increase in payments received in advance		
Net cash flow from operating activities	26,454,342	12,024,951

24. . Intangible Assets-Software

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Cost		
At beginning of the year	30,100,000	-
Additions		
Additions–Internal development		
Disposal		
At end of the year	30,100,000	-

Notes to the Financial Statements (Continued)

• **Financial Risk Management**

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

(i) Credit risk

The Hospital 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 Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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 Hospital has significant concentration of credit risk on amounts due from the hospital creditors. 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 Hospital's short, medium and long-term funding and liquidity management requirements. The Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the Hospital 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 Hospital'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 Hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Hospital 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 Hospital'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 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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

Notes to the Financial Statements (Continued)

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

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%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

b) Interest rate risk

Interest rate risk is the risk that the Hospital'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 hospital does not attract interest risk thus there is not exposure on the dynamic basis for conducting sensitivity analysis.

iv) Capital Risk Management

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

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

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Notes to the Financial Statements (Continued)

• **Related Party Balances**

Nature of related party relationships

Entities and other parties related to the Hospital 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.

Kilifi County Government is the principal shareholder of Kilifi County Referral 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 Hospital, both domestic and external. The related parties include:

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

Description	FY 2024/2025	FY 2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	96,937,420.29	0
Total	96,937,420.29	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
d) Key management compensation		

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Description	FY 2024/2025	FY 2023-2024
	Kshs	Kshs
Directors' emoluments	387,600.00	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	387,600.00	0

- **Segment Information**

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

- **Contingent Liabilities**

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

(Give details)

- **Capital Commitments**

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

(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)

- **Events after the Reporting Period**

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

- **Ultimate and Holding Hospital**

The Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health and Sanitation Services. Its ultimate parent is the County Government of Kilifi.

- **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)
OAG/KRO/KCRH/2023-2024(12)	<p>Inaccurate Expenditure on Employee Costs The statement of financial performance reflects payments on employee costs totalling Kshs.81,462,281 as disclosed in Note 10 to the financial statements. However, Management did not disclose the number of the medical staff employed and paid by the County Government as in-kind contribution as prescribed by the template. In the circumstances, the accuracy and completeness of the expenditure on employee costs totalling Kshs.81,462,281 could not be confirmed</p>	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	
	<p>Inaccurate Cash and Cash Equivalents Balance The statement of financial position and Note 16 to the financial statements reflects cash and cash equivalents balance of Kshs.157,124. Included in this amount is a Nil balance held in</p>	Detailed explanations to the auditors observations	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>a local commercial bank while the corresponding bank reconciliation statement reflects a cashbook balance of Kshs.1,400,627 resulting to an unexplained variance of Kshs.1,400,627.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.157,124 could not be confirmed</p>	<p>were given in the Audit response.</p>		
	<p>Unsupported Inventories Balance</p> <p>The statement of financial position and Note 18 to the financial statements reflects inventories balance of Kshs.31,750,607. However, Management did not provide quarterly stock take reports and end of the year stock take reports to support the balance.</p> <p>In the circumstances, the accuracy and completeness of inventories balance of Kshs.31,750,607 could not be confirmed.</p>	<p>Detailed explanations to the auditors observations were given in the Audit response.</p>	<p>Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018</p>	
	<p>The statement of comparison of budget and actual amounts reflects budgeted revenue and actual on comparable amount of Kshs.219,747,554 and Kshs.228,360,073 respectively resulting to excess receipts of Kshs.8,612,518. Similarly, the Hospital spent</p>	<p>Detailed explanations to the auditors observations were given in</p>	<p>Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.212,427,227 against actual receipts of Kshs.228,360,073 resulting to under – utilization of Kshs.15,932,845 or 7% of actual receipts.</p> <p>The under utilization may have negatively impacted on the planned activities of the Hospital which affected service delivery to the Public.</p>	<p>the Audit response.</p>		
	<p>Note 8 to the financial statements reflects revenue totalling Kshs.125,872,525 from rendering of services being collections by the Hospital in form of medical service income for rendering various services. However, revenue reports prepared and submitted to the County Treasury were not provided contrary to Regulation 54 (1) of the Public Finance Management (County Governments) Regulations, 2025 which states that an Accounting Officer of a County Government entity shall not later than the 10th day of each month submit a monthly financial and non-financial budgetary report in the format to be issued by the Cabinet Secretary relating to the activities of his or her County Government entity for the preceding month to the County</p>	<p>Detailed explanations to the auditors observations were given in the Audit response.</p>	<p>Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Treasury with copies to the Controller of Budget and the Auditor-General.			
	<p>The statement of financial performance and Note 13 to the financial statements reflects expenditure on repairs and maintenance totalling Kshs.21,279,426. Included in the amount is Kshs.17,596,982 in respect of repair and maintenance of property buildings. However, review of project files and payment vouchers for expenditure totalling Kshs.8,019,641 revealed that quarterly reports detailing an analysis of items procured through framework agreements were not provided including an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations. In addition, there was no documentary evidence provided to show that the Accounting Officer reported the said contracts awarded to Public Procurement Regulatory Authority monthly contrary to Section 114(6) of the Public Procurement and Assets Disposal Act, 2015 which requires that a procurement management unit shall prepare and submit to the Accounting Officer with a copy to the internal auditor</p>	<p>Detailed explanations to the auditors observations were given in the Audit response.</p>	<p>Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	quarterly reports detailing an analysis of items procured through framework agreements and these reports shall include, an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations			
	The statement of financial performance and Note 15 to the financial statements reflects expenditure on general expenses totalling Kshs.64,137,428. Included in the amount is Kshs.9,108,511 incurred on fuel and lubricants. However, records detailing analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations on framework agreements for goods and services procured under general expenses were not provided for review. This is contrary to Section 114(6) of the Public Procurement and Assets Disposal Act, 2015 which requires that a procurement management unit shall prepare and submit to the Accounting Officer with a copy to the internal auditor quarterly reports detailing an analysis of items procured through framework agreements and these reports shall include, an analysis of	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	

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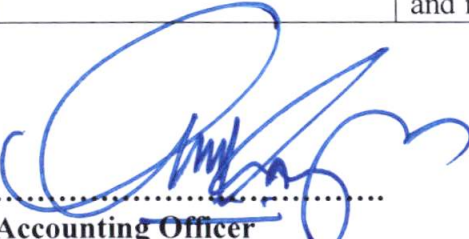
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.			
	The statement of financial performance and Note 13 to the financial statements reflects payments on repairs and maintenance totalling Kshs.21,279,462. Included in the payments is Kshs.2,623,836 in respect of motor vehicle expenses. However, review of project files and payment vouchers for payments totalling Kshs.1,831,536 revealed that there was no fair rotation among suppliers since payment amounting to Kshs.1,831,536 out of the expenditure of Kshs.2,623,836 had been awarded to one (1) contractor. The drivers defect report was not completed. Further, review of records revealed that quarterly reports detailing an analysis of items procured through framework agreements were not submitted for review to include an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations. This is contrary to Section 114(6) of the Public Procurement and Assets Disposal Act, 2015 which requires that a	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	procurement management unit shall prepare and submit to the Accounting Officer with a copy to the internal auditor quarterly reports detailing an analysis of items procured through framework agreements and these reports shall include, an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.			
	Review of records including Board minutes revealed that an internal audit was not undertaken during the period under review.	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	
	Note 8 to the financial statements reflects rendering of services - Medical Service Income totalling Kshs.125,872,525. During the year under review, the Hospital waived hospital bills totalling to Kshs.10,748,735. However, review of records and supporting documentation revealed that the Hospital's waiver/crediting committee forms were not signed by all waiver committee members where in some cases, only	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	one (1) or two (2) of the four (4) members had approved the waiver.			
	The statement of financial position reflects property, plant and equipment balance of Kshs.20,108,369. However, the asset register provided for review did not indicate details and nature of the assets, dates of acquisition, cost, unique identification number, current value, current location/user, accumulated depreciation and net book value.	Detailed explanations to the auditors observations were given in the Audit response.	Matter presented to county assembly for final resolution. Letter reference; DOH/KCRH/FIN/VOL.1/018	


.....
Accounting Officer

MEDICAL SUPERINTENDENT
KILIFI COUNTY REFERRAL
HOSPITAL
P.O. Box 9 - 80108, KILIFI

Appendix II: Projects Implemented by The Hospital

Projects

There are no projects that are implemented by the Hospital.

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Appendix III: Inter-Hospital Confirmation Letter

Name of Transferring Hospital.....

Name of Beneficiary Hospital.....

Confirmation of amounts received by [Insert name of beneficiary Hospital] 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 Hospital:
 Name Sign Date

Head of Accounts Department - Beneficiary Hospital:
 Name Sign Date.....

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Incinerator	The incinerator is being constructed for the purpose of waste disposal for Kilifi County Government under the Department of Health and Sanitation Services. This will serve all the hospitals in the county including private hospitals	The construction of the incinerator is to ensure safety disposal of infectious and hazardous hospital waste. It is also meant to reduce environmental waste. To comply with public health and NEMA waste-management standards.	The activities include the construction of the house for the incinerator and the assembly of the incinerator.	Start of project which include awarding and flag off the construction.	Construction of the shade to house the incinerator.	Completion of the constructions.	Assembly of the incinerator and commissioning of the incinerator early 2026.	Government of Kenya through the Department of Health and Sanitation services	There are no partners.