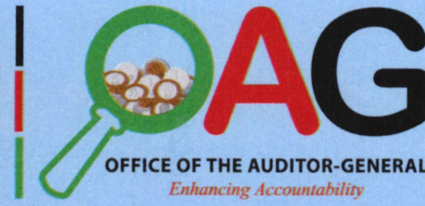
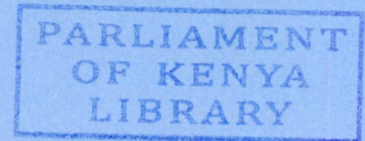


REPUBLIC OF KENYA



**REPORT**

**OF**



**THE AUDITOR-GENERAL**

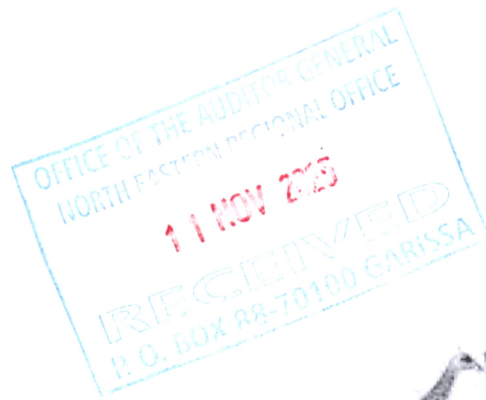
**ON**

**WAJIR COUNTY REFERRAL LEVEL 4  
HOSPITAL**

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

**COUNTY GOVERNMENT OF WAJIR**

PAPERS LAID	
DATE	4/12/2025
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COMMITTEE	←
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# **WAJIR COUNTY REFERRAL LEVEL 4 HOSPITAL** **(Wajir County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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

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**Table of Contents**

1. Acronyms & Glossary of Terms .....	ii
2. Key Entity Information and Management .....	iii
3. The Board of Management .....	ix
4. Key Management Team.....	xii
5. Chairman’s Statement .....	xv
6. Report of The Medical Superintendent.....	xvi
7. Statement of Performance Against Predetermined Objectives.....	xvii
8. Corporate Governance Statement .....	xix
9. Management Discussion and Analysis .....	xix
10. Environmental And Sustainability Reporting .....	xxiv
11. Report of The Board of Management ..	xxix
12. Statement of Board of Management’s Responsibilities.....	xxx
13. Report of the Independent Auditor (specify entity name).....	xxxii
14. Statement of Financial Performance for The Year Ended 30 June 2025 .....	1
15. Statement of Financial Position As At 30 <sup>th</sup> June 2025 .....	2
16. Statement of Changes in Net Asset for The Year Ended 30 June 2025.....	3
17. Statement of Cash Flows for The Year Ended 30 June 2025 .....	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025 .....	6
19. Notes to the Financial Statements .....	8
20. Appendices .....	47

**1. Acronyms & Glossary of Terms**

FY	Financial year
WCRH	Wajir County Referral Hospital
RCO	Registered clinical officer
NHIF	National health insurance fund
AIE	Authority to incur expenditure
CSR	Corporate social responsibility
IPSAS	International public sector accounting standards
PFM	Public finance management
IPSASB	International public sector accounting standard board
CEO	Chief executive officer
KEMSA	Kenya medical suppliers' authority
PPE	Personal protective equipment
CoG	Council of governors
Fiduciary Management	Key management personnel who have financial responsibility in the

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

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

Wajir County Referral Hospital is a level (4) hospital established under gazette notice number 786 (Vol.CXXII-No.24) and is domiciled in Wajir County under the Medical Service Department. The hospital is governed by a Board of Management.

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

The principal activity of Wajir County Referral hospital is to provide medical services.

#### **Vision:**

To be a model centre for provision of acceptable, affordable and sustainable health care in a resource poor environment.

#### **Mission:**

To maximize use of our limited resources and opportunities to provide the best possible health services to all.

#### **Core Values**

Wajir county referral hospital has values that drive the institution in the decisions that we make.

They are as follows;

- Service delivery
- Timeliness
- Customer service
- Efficiency & effectiveness in all individual or group undertakings
- Respect for all in the organization irrespective of background
- Proper utilization of scarce resources
- Humane approach to all
- Cooperation and team work at all times
- Sharing experience and disseminating knowledge

### **(c) Key Management**

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

#### **- County department of health**

It's led by the county executive committee who takes overall responsibility in the day-to-day running of the Hospital on behalf of the Board of Management by;

- ✓ Providing visionary and transformational leadership
- ✓ Overseeing the implementation of the Boards resolutions
- ✓ Support to Board of Management for effective oversight
- ✓ Evaluate the hospital long term healthcare service effectiveness
- ✓ Review and recommend appropriate actions for strategic operational plans and policies
- ✓ Review performance improvement activities and patient's safety efforts
- ✓ Identify, evaluate and implement the scope of services, practice and governance of the hospital
- ✓ Prudent management of resources
- ✓ Formulating long-term strategies and business plans
- ✓ Monitoring and evaluating performance
- ✓ Ensuring effective communication within the Hospital

- **Board of Management**

**The key responsibilities for the Board are;**

- ✓ Ensure that strategy is aligned with the purpose of the Hospital and legitimate interests and expectations of stakeholders.
- ✓ Ensure that the strategy of the Hospital is aligned to the long-term goals on sustainability so as not to compromise the ability of the future generations to meet their own needs.
- ✓ Approve the Hospital structure.
- ✓ Approve the annual budget of the Hospital.
- ✓ Monitor the Hospital performance and ensure sustainability.
- ✓ Enhance the corporate image of the Hospital.
- ✓ Ensure availability of adequate resources for the achievement of the Hospital objectives.
- ✓ Ensure effective communication with stakeholders.
- ✓ Protect the assets of the Hospital.

- **Accounting Officer/ Medical Superintendent**

**These are the responsibilities of the accounting officer of the hospital;**

- ✓ The custodian of the hospital's book of accounts
- ✓ Manage all accounting transactions

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

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- ✓ Prepare budget forecast
- ✓ Publish financial statements on time
- ✓ Handle monthly, quarterly and annual closings
- ✓ Reconcile accounts payable and receivable
- ✓ Ensure timely bank payments
- ✓ Compute taxes and prepare tax returns
- ✓ Manage balance sheets and profit/loss statements

- **Management**

- ✓ Serve as a liaison between the staff, management and patients
- ✓ Design and implement short, medium and long-term goals for the medical facility
- ✓ Frame budgets and operational strategy for each department.
- ✓ Oversee the finances of the hospital, including setting the rates for various health services, budgeting and revenue monitoring.
- ✓ Streamline the operational procedures of the facility to provide patients with the best care.

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>DR Dahir Somow</b>
2.	Head of finance	<b>CPA Abdirahman Adan Adow</b>
3.	Head of supply chain	<b>Yussuf Kheir Abdihakim</b>
4.	Hospital Administrator	<b>Roble Hassan Ibrahim</b>
5.	Director Nursing Services	<b>Mohamed Ibrahim Omar</b>
6.	Internal Auditor	<b>Mohamed Hussein</b>

**(e) Fiduciary Oversight Arrangements**

**The oversight arrangements include;**

1. Clinical Research and Standards Committee.

- i) Identifying health care service problems in the hospital and ensuring that they are resolved;
- ii) Review any changes on policy issues on standards, quality assurance and research;
- iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery

**2. Audit committee**

- i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board;
- ii) Reviewing the performance, objectivity, and independence of external auditors;
- iii) Consideration of audit findings by the external auditors;
- iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function;

**3. Risk Management Committee**

- i) Reviewing the Hospital's internal control and ensuring quality, integrity; effectiveness and reliability of the Hospital's risk management framework.
- ii) Provide a forum for communication between the board, management and external risk management advisors
- iii) Assist the board in its oversight responsibilities by monitoring and advising on operational risks, including clinical risks.

**4. County Assembly**

- i) Scrutinize Budget estimates and budget documents and make appropriate recommendations;
- ii) Monitors budget performance of the hospital
- iii) Ensure that the relevant hospitals accounts on its expenditure;
- iv) Consider reports of the Auditor-General;

**5. Parliamentary committees**

- i) Develop a framework to guide and assist County Governments in the establishment of institutional structures for the management of health;
- ii) Coordinate intra and inter agency and governmental consultations on health sector issues, including existing and evolving health policies, legislation, regulations and programmes;
- iii) Coordinate and harmonize CoG views and perspectives on health matters;
- iv) Create forums for sharing of emerging issues and best practices, including modalities for prioritization and promotion of health an instrument for socio-economic growth

**(f) Hospital Headquarters**

Wajir County Referral Hospital,  
P.O. Box 2-70200,  
Along Airport Road  
Wajir Town.

**(g) Hospital Contacts**

Telephone: (+254721355387/+254729613713)  
E-mail: [wajirrh@gmail.com](mailto:wajirrh@gmail.com)

**(h) Hospital Bankers**

Premier Bank,  
Wajir Branch  
Account No. 8000602801  
WAJIR, Kenya.

Kenya Commercial Bank,  
Wajir Branch  
Account No. 1308986033  
WAJIR, Kenya.

Kenya Commercial Bank,  
Wajir Branch  
Account No. 1171430051  
WAJIR, Kenya.

Kenya Commercial Bank,  
Wajir Branch  
Account No. 1332303919  
WAJIR, Kenya.

Kenya Commercial Bank,  
Wajir Branch  
Account No. 1332303536  
WAJIR, 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**

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

3. The Board of Management

Ref	Directors	Details
1.	Chairman: Dr. Abdulrazak Sheikh Mohamed 	Dr. Abdulrazak is a Consultant Surgeon & Gastroenterologist with extensive experience in healthcare management and strategic leadership. He is a member of the Surgical Society of Kenya, College of Surgeons of East, Central and Southern Africa and Kenya Medical Association.
2.	Vice Chairlady: Rukia Abdullahi Hussein 	National Chairperson at Maendeleo Ya Wanawake Organization
3.	Director: Daud Abdullahi Mursal 	Advocate of the High Court of Kenya. Founder at Mursal & Company Advocates

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

<p>4.</p>	<p>Director: Nuria Abdullahi</p> 	<p>Holds Master's degree in Conflict Transformation and Peace Building at Eastern Mennonite University. Her major area of interest is in Strategic Peace Building and Non-Violence. She has a Certificate in Animal Health from the Animal Health and Industry Training Institute in Nairobi; Kenya, a Certificate in Meat Hygiene from Nairobi University, a Certificate in Professional Development Studies from Birmingham University in the United Kingdom, and a Diploma in Disaster Management from the Kenya Institute of Social Work and Community Development College in Nairobi.</p>
<p>5.</p>	<p>Director: CPA Hashim Ali Adan</p> 	<p>Holds Masters of Business Administration and is a Certified Public Accountant (CPA K) and Certified Internal Auditor (CIA)</p>
<p>6.</p>	<p>Director: Ali Mohamud Dahia</p> 	<p>Holds KCSE certificate and senior clerk in the former Wajir county council.</p>

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



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CEO/Secretary: Dr. Dahir I. Somow




Dr Dahir I. Somow holds Master of Business Administration in Healthcare Management. He has over 10 years' experience in healthcare administration and management.



**4. Key Management Team**

Ref	Management	Details
1.	 <p data-bbox="350 1103 652 1197">Dr. Dahir Somow Medical Superintendent</p>	<p data-bbox="1099 869 1465 1012">Bachelor of Medicine and Bachelor of surgery (MBChB), MBA Healthcare Management.</p>
2.	 <p data-bbox="350 1976 753 2069"><b>Mr. Mohamed Ibrahim Omar</b> Director Nursing Services</p>	<p data-bbox="1099 1510 1385 1579">Bachelor of science in Nursing</p>

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

	 Mr. Roble Hassan Hospital administrator	Bachelor of Computer Science
4.	 Alex Mwirigi Bachelor of Science in Medical Laboratory Science	Laboratory Manager  Bachelor of Science in Medical Laboratory Science
5.	 Dr. Mohamed Abdi Mohamud Bachelor of Pharmacy	Pharmacist In charge

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

6.	 Siyad Saney Hassan	Clinical Officer In charge
7.	 CPA Abdirahman Adan Adow Head of Finance-Hospital	Certified Public Accountant (CPA-K)

## **5. Chairman's Statement**

It is my pleasure to present the hospital's 2024/25 annual report and financial statements. Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

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

The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the patients.

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



.....  
**Name:** Dr. Abdulrazak Sheikh

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

The Management and Staff of the Hospital recognize the fact that the Hospital operates in an increasingly liberalized political and socio-economic environment. Wajir county referral hospital is part of the larger county health system that provides various services and most importantly is the referral facility for the larger county while it receives referrals from Somalia, Moyale and Mandera as well. The County Referral Hospital being at the apex of the county referral system is guided in its planning, development and provision of health care services by the national and sectoral policies on health, including Kenya Vision 2030, the Constitution, Kenya Health Policy 2012-2030, Kenya Health Sector Strategic and Investment Plan 2012-2017 and global policies such as the Millennium Development Goals and now the Sustainable Development goals, among others.

The prevailing economic and social conditions have adversely impacted on the delivery of health care services in the country. Various services offered in the Hospital have been affected by inadequate funding in relation to budgetary estimates. The Hospital therefore, faces many challenges in its endeavour to provide quality health care.



.....  
**Name Dr. Dahir Somow**

**Secretary to the Board**

## 7. Statement of Performance Against Predetermined Objectives

Wajir County Referral hospital has two strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023- FY 2027/2028. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Operational excellence

Pillar/theme/issue 2: Skilled and energetic management team

Wajir County Referral hospital develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Wajir County Referral hospital achieved its performance targets set for the FY 2022/2023 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Operational excellence	Reengineering, policies	Enhance service delivery	customers receive safe, timely, equitable, efficient, effective and patient-centred services.	effective and timely service delivery and efficient utilization of resources
Pillar/ theme/ issue 2: Skilled and energetic management team	Institutionalize leadership and governance performance	alignment of governance, leadership, and all employees to the overall strategic objectives of the organization.	oversight in financial reporting, Safeguarding Hospital assets	vibrant governance system

**1) Achieve operational excellence to deliver speed and efficiency**

Wajir County Referral hospital needs to deliver a better overall customer experience by aligning processes, reducing timelines and making the whole customer experience from visit to exit a fast and efficient system. To achieve this goal, the hospital will focus on the following objectives:

- Achieve operational excellence through process reengineering and policies
- Reduce waiting times through automation
- Review and institutionalize robust quality assurance processes
- Maintain excellent outcomes of treatment to reduce morbidity and mortality

**2) Strengthen hospital leadership and corporate governance**

Wajir County Referral hospital has a young, skilled and energetic management team and a board that exudes wisdom. The hospital is committed to strengthen its capacity in leadership and governance in line with its mission and purpose. This will ensure alignment of governance, leadership, and all employees to the overall strategic objectives of the organization. To achieve this goal, the hospital will focus on the following objectives:

- Develop a focused capacity building program for both the board and the hospital management
- Streamline and strengthen the capacity of board committees
- Institutionalize leadership and governance performance measurement and appraisal systems

## **8. Corporate Governance Statement**

Wajir County Referral Hospital is committed to upholding principles of transparency, accountability, integrity, and service delivery excellence. The hospital's governance structure ensures that strategic direction, operational oversight, and service standards are maintained in line with applicable laws, healthcare standards, and best practices in public sector governance.

### **i. Appointment and Removal of Board Members, Board Composition, and Charter**

The appointment of Board members is guided by the County Government Act, Public Appointments (County Assemblies Approval) Act, and relevant healthcare policies. Members are appointed based on their qualifications, experience, and demonstrated commitment to public service and healthcare governance.

The removal of Board members follows due process as outlined in county legislation, including grounds such as misconduct, conflict of interest, or failure to perform duties.

The Board consists of a diverse group of individuals with expertise in healthcare, finance, law, community development, and administration. Diversity in gender, professional background, and age is a key consideration in the composition of the Board, in line with inclusivity and equal opportunity principles.

A formal Board Charter exists, detailing the scope of authority, roles, and responsibilities of the Board and its members.

### **ii. Roles and Functions of the Board**

The Board of Wajir County Referral Hospital plays a critical role in:

- Providing strategic leadership and policy direction.
- Ensuring effective oversight of management and hospital operations.
- Approving the hospital's budget, annual work plan, and key performance targets.
- Overseeing risk management, compliance, and internal controls.
- Ensuring alignment with national and county health policies and standards.
- Promoting stakeholder engagement and community involvement in healthcare delivery.

### **iii. Induction, Training, and Development**

New Board members undergo a structured induction program to familiarize them with the hospital's mandate, organizational structure, health sector regulations, and Board procedures. Ongoing capacity-building sessions and exposure to best governance practices are provided periodically to enhance members' effectiveness.

### **iv. Board and Members' Performance**

The performance of the Board and its individual members is assessed annually through a structured Board evaluation process. This includes self-assessment, peer review, and overall evaluation of governance effectiveness. Feedback from this process informs development initiatives and governance reforms.

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

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**v. Number of Board Meetings Held and Attendance**

In the last financial year, the Board held scheduled meetings. Attendance is monitored and recorded for transparency and accountability.

S/No	Board Member	Number of Meetings Attended	Attendance Rate
1	Abdulrazak Sheikh Mohamed	4	100%
2	Rukia Abdullahi Hussein	4	100%
3	Daud Abdullahi Mursal	4	100%
4	Nuria Abdullahi	3	75%
5	CPA Hashim Ali Adan	4	100%
6	Ali Mohamud Dahia	4	100%
7	Dr. Dahir I. Somow	4	100%

**vi. Succession Plan**

The hospital has developed a Succession Management Policy to ensure continuity in leadership and critical positions. This plan identifies and nurtures internal talent for future leadership roles and ensures minimal disruption in service delivery during transitions.

---

**vii. Policy to Manage Conflict of Interest**

A Conflict of Interest Policy is in place to promote integrity and transparency. Board members and senior staff are required to declare any potential or actual conflicts of interest at the beginning of each meeting and abstain from decision-making in such cases. Declarations are recorded in the Conflict of Interest Register.

**viii. Board Remuneration**

Board members receive remuneration as per guidelines set by the Salaries and Remuneration Commission (SRC). This includes sitting allowances for meetings attended and travel reimbursements where applicable. The remuneration structure is public and aligned with public service regulations.

**ix. Ethics and Conduct**

A **Code of Conduct and Ethics** guides the behavior of Board members and hospital staff. It emphasizes professionalism, confidentiality, impartiality, accountability, and respect for human dignity. The code is consistent with the Public Officer Ethics Act and is reinforced through regular training.

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

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**x. Governance Audit**

An external **Governance Audit** is conducted periodically in compliance with State Corporations and county public institutions. The audit reviews governance systems, policy implementation, stakeholder engagement, and regulatory compliance. Recommendations are implemented to enhance governance effectiveness.

**xi. Communication Policy**

The hospital adheres to a **Communication and Stakeholder Engagement Policy** that ensures clear, timely, and accessible information to stakeholders, including patients, staff, county authorities, and the public. Communication channels include community forums, noticeboards, social media platforms, and official publications.

**xii. Terms of Reference of Committees**

The Board has established various **committees**, each with clear Terms of Reference (TORs) that outline their mandate, composition, and reporting framework. These include:

- **Finance, Audit and Risk Committee**
- **Human Resource and Governance Committee**
- **Medical Services and Quality Assurance Committee**

Each committee meets regularly and submits reports and recommendations to the full Board for consideration and decision-making.

**xiii. Policy on Related Party Transactions**

The hospital has a policy that governs **related party transactions**, ensuring that all such transactions are conducted transparently and at arm's length. Disclosure of any related party interest is mandatory, and approval processes are in place to prevent misuse of public resources.

**Conclusion:**

Wajir County Referral Hospital continues to strengthen its governance practices in line with constitutional values, public service regulations, and healthcare sector expectations. The Board remains committed to providing leadership that ensures quality health services, financial stewardship, and public trust.

## **9. Management Discussion and Analysis**

### **Two- to-four pages**

WCRH provide healthcare services to Wajir County people and patients from neighbouring sub-counties. Services include, outpatient clinics, inpatient care, accident and emergency. The hospital also provides clinical support services that include laboratory and pharmacy.

The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective and evidence-based. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. lack of enough doctors, nurses, pharmacists, RCOs and budgetary constraints.

### **Clinical/operational performance**

WCRH continues to provide a wide range of highly specialized healthcare services to Kenyans, patients from within Wajir county, and neighbouring counties. Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for surgery, renal, ENT, dental amongst other services and specialized accident and emergency that receives emergency, disaster victims and referred patients. The hospital also provides clinical support services that include gynaecology service, General medicine service, laboratory, pharmacy and radiology. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. In addition, the hospital plays a leading role regionally in the management of disasters and emergencies. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and other challenges.

Below is a summary of the clinical/operational performance

- *Bed capacity of the hospital. 120*
- *Overall patient attendance during the year for both inpatient and outpatient. 26,500*
- *Accident and Emergency attendance 4,100*
- *Specialised clinic attendance 23,900*
- *Average length of stay for in patient. 3.3*
- *Bed occupancy rate 51%*
- *Mortality rate 3.85%*
- *Surgical theatre utilisation (number of operations over a period of time) 2,070*

### **Financial performance that includes**

#### **Revenue sources**

The revenue sources of the hospital are from cost sharing and Social Health Insurance fund totalling to Ksh76,765,316.

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

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**Utilisation of funds; -**

- ✓ Medical/clinical cost amounting to Ksh24,142,519
- ✓ Employee costs amounting to Ksh15,736,394
- ✓ Board-of-Management Expenses Ksh1,468,000
- ✓ Repair and maintenance amounting to Ksh15,208,310
- ✓ General expenses amounting to Ksh18,073,420



**Name: DAHIR SOMOW**  
**Medical Superintendent**

## **10. Environmental And Sustainability Reporting**

Wajir County Referral Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence.

### *i) Sustainability strategy and profile*

WCRH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that WCRH going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as routine theatre days for elective surgeries
- Public Private Partnership
- Upgrading the hospital to Level V referral to get more funding
- Enhancing Client satisfaction through quality service care
- Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

### *ii) Environmental performance*

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

#### **1 Successes**

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds.

## **2 Challenges**

- Frequent breakdown of the equipment and the cost of repair.
- High cost electricity bill.
- Shortage of staffs.
- Delay of funds disbursement.

### *iii) Employee welfare*

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board for the recruitment and appointment of new Health care workers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend both short and long courses offered by various institutions.

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

### *iv) Market place practices-*

#### *a) Responsible competition practice.*

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

#### *b) Responsible Supply chain and supplier relations*

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

#### *c) Responsible marketing and advertisement*

Effectively done through the use of website and notice boards

#### **d) Product stewardship or Awareness Creation**

## **1. Protection of Health and Safety**

- **Quality Healthcare Services:**
  - Provision of essential and emergency medical services that meet Ministry of Health standards.

- Regular staff training on infection prevention, maternal and child health, communicable diseases, and emerging public health threats.
- Compliance with national health regulations on hygiene, sanitation, waste disposal, and patient safety.
- **Medical Equipment & Pharmaceuticals:**
  - Proper procurement, maintenance, and calibration of medical equipment.
  - Strict adherence to pharmaceutical guidelines for storage, dispensing, and administration of drugs to minimize health risks.
- **Patient Safety Protocols:**
  - Triage systems and protocols to prioritize critical cases.
  - Isolation units and protocols for infectious diseases like TB, COVID-19, cholera, etc.

## 2. Provision of Adequate Product/Service Information

- **Patient Rights Awareness:**
  - Visible display of **patients' rights and responsibilities** in Swahili, Somali, and English at entry points.
  - Community outreach and sensitization programs through radio, chiefs' barazas, and mobile clinics.
- **Service Availability and Fees:**
  - Clear and transparent communication on available services, consultation hours, user fees, and free services (e.g. maternity under Linda Mama, immunization, HIV care).
- **Health Education:**
  - Ongoing health talks at clinics on nutrition, hygiene, family planning, HIV prevention, and chronic disease management.
  - Dissemination of IEC (Information, Education and Communication) materials.

## 3. Dispute Resolution and Redress

- **Grievance Redress Mechanisms:**
  - Operational **Customer Service Desk** and **Complaints/Suggestions Box**.
  - Designated **Complaints Officer** to handle patient grievances with documented procedures.
- **Feedback and Follow-up:**
  - Community dialogue forums and health facility committee meetings to discuss complaints, service improvements, and patient satisfaction.
  - Referral of unresolved cases to **County Health Management Team (CHMT)** or **Commission on Administrative Justice (Ombudsman)**.

## 4. Consumer Data and Privacy Protection

- **Confidentiality Protocols:**
  - Strict confidentiality observed during consultations and record-keeping in line with Data Protection Act, 2019.

- Private consultation rooms and trained staff on confidentiality and ethical handling of patient data.
- **Digital Records Security:**
  - Use of password-protected Hospital Management Information Systems (HMIS) to store and retrieve patient records.
  - Limited access to sensitive data to authorized personnel only.

## **5. Public Service Awareness & Citizens' Rights**

- **Access to Social Health Services:**
  - Support in SHIF registration and claims processing for patients.
  - Collaboration with community health volunteers (CHVs) to educate the public on enrollment in UHC schemes and accessing insurance services.
- **Legal and Human Rights Awareness:**
  - Referral and awareness on rights to legal representation, especially for survivors of gender-based violence (GBV) through the hospital's GBV recovery center.
  - Partnership with law enforcement and civil society in sensitizing the community on rights like peaceful demonstration, bail, and lawful arrest.
- **Birth and Death Registration:**
  - Facilitation of birth and death notification and registration in coordination with civil registration officers based at the hospital.

## **6. Protection of Whistleblower Rights**

- **Internal Reporting Channels:**
  - Safe channels for staff and patients to report unethical practices, negligence, or abuse (e.g., through hospital administration or health committees).
- **Anti-Corruption Measures:**
  - Display of anti-corruption hotlines and EACC contacts in strategic areas.
  - Periodic integrity training and sensitization of health workers on whistleblower protection and ethical conduct.

## **7. Community Engagement and Continuous Improvement**

- **Public Participation:**
  - Involvement of community members in hospital decision-making through the **Facility Health Committee (FHC)**.
  - Regular health forums to collect views and feedback from citizens and stakeholders.
- **Monitoring and Evaluation:**
  - Routine audits, client satisfaction surveys, and supervisory visits to assess quality and responsiveness of services.

## **Conclusion**

Wajir County Referral Hospital demonstrates its commitment to product stewardship and safeguarding citizens' rights through comprehensive efforts in health and safety, transparent communication, grievance handling, data privacy, legal rights protection, and community engagement. These measures ensure that healthcare services are not only accessible and safe but also aligned with national consumer protection standards and constitutional rights.

### **v) Corporate Social Responsibility / Community Engagements**

- The hospital offers free medical camps
- The hospital provides waiver services for the less vulnerable
- The department captured more indigents into the NHIF system

## **11. Report of The Board of Management**

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

### **Principal activities**

The principal activity of the hospital is to receive in-patient and out-patient and to provide them medical services.

### **Results**

The results of the hospital for the year ended 30<sup>th</sup> June, 2025 are set out on page 1 to 9.

### **Board Of Management**

The Board of Management is constituted and implementation of FIF bill, however during the year the hospital was managed by the Board of Management shown on page viii.

### **Auditors**

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

By Order of the Board



DR DAHIR SOMOW  
Secretary of 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 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 WCRH 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 3/8/ 2025 and signed on its behalf by:



.....  
**Name: DR. ABDULRAZAK SHEIKH  
MOHAMED**  
**Chairman**  
**Board of Management**

.....  
**Name: DAHIR SOMOW**  
**Accounting Officer**

# REPUBLIC OF KENYA

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

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

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### **PREAMBLE**

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

- A. Report on the 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 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 the 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 Wajir County Referral Level 4 Hospital set out on pages 1 to 56, 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 Wajir County Referral Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Undisclosed Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,900,660 as disclosed under Note 20 to the financial statements. However, the balance represents only additions made during the year. Value of buildings, other movable and immovable assets for which the Hospital has control over, have not been incorporated in the financial statements. In addition, the assets had not been tagged to facilitate identification and tracking of movement. Further, ownership documents for the land on which the Hospital is situated were not provided for audit review.

In the circumstances, the accuracy, rightful ownership and fair statement of the property, plant and equipment balance of Kshs.1,900,660 could not be confirmed.

#### **2. Unsupported Trade and Other Payables Opening Balance**

The statement of financial position and as disclosed under Note 21 to the financial statements reflects trade and other payables balance of Kshs.47,032,956. Included in the balance is an amount of Kshs.3,530,035 in respect of unpaid bills carried forward from previous financial year. However, the prior year audited financial statements reflects nil opening balance for trade and other payables. The inconsistency between the prior year closing balance and the current year opening balance has not been reconciled.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.47,032,956 as at 30 June, 2025 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.110,000,000 and Kshs.76,765,316 respectively, resulting in under-funding of Kshs.33,234,684 or 30% of the budget.

The under-funding affected implementation of the planned activities and may have impacted negatively on the operations of the Hospital.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, 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 year audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved as at 30 June, 2025:

<b>No.</b>	<b>Audit Issue</b>
1	Non-Disclosure of Employee Cost Paid by County Government
2	Non-disclosure of Other Expenses Paid by County Government
3	Undisclosed Property, Plant and Equipment
4	Loss of Revenue Due to In-Patient Abscondment
5	Failure to Prepare Estimates of Income and Expenditure
6	Management of National Health Insurance Fund (NHIF)
7	Deficiencies in Implementation of Universal Health Coverage (UHC)
8	Lack of Approved Staff Establishment
9	Lack of internal Audit Function and Audit Committee
10	Lack of Key Management Policies
11	Weaknesses in Information Technology (IT) Internal Controls

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxxi which comprises 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 the Statement 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. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements

### **Inaccuracy in the Presentation of the Statement of Performance Against Pre-Determined Objectives**

The statement of performance against predetermined objectives indicates two (2) key pillars in the Hospital strategic plan which include operational excellence and skilled and energetic management team. However, the activities and achievements in terms of outputs indicated were not specific and measurable. It was therefore not possible to establish levels of performance achieved against set targets.

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. Unbalanced Budget**

Review of the Hospital budget for the financial year under review revealed that the approved expenditure budget was Kshs.110,000,000. However, the Hospital did not have corresponding detailed revenue budget to support the planned expenditure. As a result, the Hospital budget was not balanced, contrary to the provisions of Regulation 31(c) and (e) of the Public Finance Management (County Governments) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced and total budget revenue shall cover total budget expenditure.

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

## 2. Irregular Designation of Chief Officers of Health and Finance as Mandatory Signatories to the Hospital Bank Account

Review of the financial operations at Hospital revealed that the Chief Officer of Finance and Health were designated and acted as a mandatory signatory to the Hospital bank account. This was contrary to the requirement of Section 18(1) of the Wajir County Health Facility Improvement Financing Act, 2023 which provides that the mandatory signatories to the bank accounts shall be the Hospital in-Charge while the second signatory shall either be the Hospital Administrator and/or the hospital accountant.

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

## 3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital records and interviews conducted to assess the staffing levels and presence of medical specialists revealed that the Hospital had staffing gaps, including deficit of one (1) anesthesiologist and one (1) radiologist. As a result, the Hospital did not meet the requirements stipulated under the Kenya Quality Model for Health (KQMH) designed for Level 4 hospitals as shown below:

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
Anesthesiologist	2	1	1	50
Radiologist	2	1	1	50
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>50</b>

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

Equipment & Machines	Level 5 Hospital Standard	Actuals In the Hospital	Variance	Percentage %
Functioning ICU Beds	6	0	-6	100%
HDU Beds	6	0	-6	100%
<b>Total</b>	<b>182</b>	<b>37</b>	<b>-145</b>	<b>80%</b>

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

Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

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

## 4. Trade and Other Payables

The statement of financial position and as disclosed under Note 21 to the financial

statements reflects trade and other payables balance of Kshs.47,032,956. However, the following unsatisfactory matters were noted:

#### **4.1. Failure to Settle trade and other Payables**

During the year, the Hospital generated cash flow from rendering services- medical services income of Kshs.76,765,316. However, the payables representing 61% of the cash flow remained unpaid. This indicates a very high rate of accumulation of unpaid obligations relative to available resources which can strain the Hospital operations and affect service delivery. Further, Management did not demonstrate measures put in place to ensure bills are paid in a timely manner.

In the circumstances, the high rate of accumulation of payables may negatively sustainability of service delivery by the Hospital.

#### **4.2. Failure to Settle Pending Bills as First Charge**

The Hospital did not settle payables amounting to Kshs.3,530,035 relating to previous years obligations were not factored as a first charge on the 2024/2025 budget. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which provide that Debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations.

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

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

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

#### **Conclusion**

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

## **Basis for Conclusion**

### **1. Revenue Safeguards and Controls**

#### **1.1. Incomplete Revenue Collection Documentation**

Review of the revenue records provided revealed that between 01 July, 2024 and 04 March 2025, revenue was collected through a Pay Bill number that was integrated with the Hospital bank account. However, Management did not provide daily revenue reports detailing collections from medical services and records of waivers granted to patients experiencing financial hardships.

#### **1.2. Lack of Revenue Management System Agreement**

Management did not provide a Service-Level Agreement (SLA) or contract between the Hospital and the software provider for the Revenue Management System in use. This omission hinders the ability to assess the systems availability, data privacy measures and pricing.

In the circumstances, the effectiveness of internal controls over revenue collection could not be confirmed.

### **2. Expired Medical and Laboratories Supplies**

Review of the management of pharmaceuticals, non-pharmaceuticals, and laboratory reagents at the Hospital revealed that seventy-nine (79) items with an estimated value of Kshs.1,330,900 had expired as at the time of the audit review. It was further noted that the expired items were not properly disposed off, having been dumped alongside other general waste in an open area within the Hospital premises. This indicates non-adherence to the First Expiry, First Out (FEFO) principle in the issuance and management of medical supplies.

In the circumstances, effectiveness of internal controls over management of medical supplies could not be confirmed.

### **3. Lack of Approved Staff Establishment and Scheme of Service**

During the year under review, the Hospital did not have an approved staff establishment and scheme of service in place to provide guiding framework for human resources management. It was therefore not possible to confirm the basis for staff recruitment and promotions in the Hospital.

In the circumstances, it was not possible to confirm the effectiveness of internal controls on human resource management.

### **4. Lack of an Approved Risk Management Policy and Disaster Recovery Plan**

During the year under review, the Hospital did not have a risk management policy. Further, the Hospital did not have an approved disaster recovery plan to ensure continuity of operations in the event of a system failure, cyberattack, or other disruptive incidents like fire and floods. This is contrary to Regulation 158(1)(a) of the Public

Finance Management (County Government) Regulations, 2015 which require the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the Hospital's risk management systems could not be confirmed.

## **5. Lack of Internal Audit Function**

During the year under review, the Hospital did not have an internal audit function in place. No internal audit reports were provided or evidence of audit activities undertaken to confirm that periodic internal audits had been conducted. This is contrary to the requirement of Section 12(2)(i) of the Wajir County Health Facility Improvement Financing Act, 2023 which requires that every health facility shall ensure internal audits are periodically undertaken to mitigate financial risks.

In the circumstances, the existence of effective mechanisms and processes for review and evaluation of budgetary performance, financial management, transparency and accountability in the Hospital could not be confirmed.

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

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

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

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

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

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

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


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

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

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

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

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

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

**Nairobi**


**26 November, 2025**

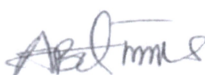
*Wajir County Referral Hospital (Wajir County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	30,000,000
In-kind contributions from the County Government	7	646,413,595	-
Grants from donors and development partners	8	21,233,153	-
<b>Revenue from non-exchange transactions</b>		<b>667,646,748</b>	<b>30,000,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	9	86,274,610	8,444,514
<b>Revenue from exchange transactions</b>		<b>86,274,610</b>	<b>8,444,514</b>
<b>Total revenue</b>		<b>753,921,358</b>	<b>38,444,514</b>
<b>Expenses</b>			
Medical/Clinical costs	10	176,720,828	931,920
Employee costs	11	489,769,493	21,341,800
Board of Management Expenses	12	1,468,000	-
Depreciation and amortization expense	13	331,180	-
Repairs and maintenance	14	27,089,487	10,296,901
Grants from donors and development partners	15	2,912,317	-
General expenses	16	31,591,568	15,897,260
<b>Total expenses</b>		<b>729,882,872</b>	<b>48,467,881</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>24,038,486</b>	<b>-10,023,368</b>

The Hospital's financial statements were approved by the Board on **03-08-2025** and signed on its behalf by:

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

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

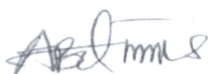
  
 .....  
**Medical Superintendent**

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	71,455	166,622
Receivables from exchange transactions	18	14,866,241	5,356,947
Inventories	19	59,756,655	-
<b>Total Current Assets</b>		<b>74,694,351</b>	<b>5,356,947</b>
<b>Non-current assets</b>			
Property, plant, and equipment	20	1,900,660	-
<b>Total Non-current Assets</b>		<b>1,900,660</b>	<b>-</b>
<b>Total assets (A)</b>		<b>76,595,011</b>	<b>5,523,569</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	47,032,956	-
<b>Total Current Liabilities</b>		<b>47,032,956</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>47,032,956</b>	<b>-</b>
<b>Net assets (A-B)</b>		<b>29,562,056</b>	<b>5,523,569</b>
<b>Represented by:</b>			
Revaluation reserve			-
Accumulated surplus/Deficit		29,562,056	-10,023,368
Capital Fund			15,546,937
<b>Net Assets</b>		<b>29,562,056</b>	<b>5,523,569</b>

The Hospital's financial statements were approved by the Board on **03-08-2025** and signed on its behalf by:


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

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

.....  
**Medical Superintendent**

*Wajir County Referral Hospital (Wajir County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> 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
<b>As at July 1, 2023</b>	-	15,546,937	-	15,546,937
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-10,023,367	-	-10,023,367
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024</b>	-	5,523,570	-	5,523,570
<b>At July 1, 2024</b>	-	5,523,570	-	5,523,570
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		24,038,486	-	24,038,486
Capital/Development grants	-		-	-
<b>At June 30, 2025</b>	-	29,562,056	0	29,562,056

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6		30,000,000
In-kind contributions from the county government	7		
Grants from donors and development partners	8	-	-
Rendering of services- Medical Service Income	9	76,765,316	8,444,514
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>76,765,316</b>	<b>38,444,514</b>
<b>Payments</b>			
Medical/Clinical costs	10	24,142,519	931,920
Employee costs	11	15,736,394	21,341,800
Board of Management Expenses	12	1,468,000	-
Depreciation and amortization expense	13		
Repairs and maintenance	14	15,208,310	10,296,901
General expenses	16	18,073,420	-15,897,260
<b>Total Payments</b>		<b>74,628,643</b>	<b>48,467,881</b>
<b>Net cash flows from operating activities</b>	22	<b>2,136,673</b>	<b>-10,023,368</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	20	-2,231,840	-
Purchase of intangible assets			-
Proceeds from the sale of PPE			-
Acquisition of investments			-
<b>Net cash flows used in investing activities</b>		<b>-2,231,840</b>	<b>-</b>
<b>Cash flows from financing activities</b>			<b>-</b>
Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-

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

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<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-95,167</b>	<b>-10,023,368</b>
Cash and cash equivalents as at 1 July	17	166,622	10,189,990
<b>Cash and cash equivalents as at 30 June</b>	17	<b>71,455</b>	<b>166,622</b>

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

**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
	<b>a</b>	<b>B</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	-	-	-	-	-
<b>Receipts</b>	-	-	-	-	-	-
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	84,000,000	26,000,000	110,000,000	76,765,316	33,234,684	70%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total receipts</b>	<b>84,000,000</b>	<b>26,000,000</b>	<b>110,000,000</b>	<b>76,765,316</b>	<b>33,234,684</b>	<b>70%</b>
<b>Payments</b>						
Medical/Clinical costs	30,240,000	9,360,000	39,600,000	24,838,519	14761481	62%
Employee costs	16,800,000	5,200,000	22,000,000	15,736,394	6,263,606	72%
Remuneration of directors	1,680,000	520,000	2,200,000	1,468,000	732,000	67%
Repairs and maintenance	15,960,000	4,940,000	20,900,000	15,208,310	5,691,690	73%
Grants and subsidies						
General expenses	19,320,000	5,980,000	25,300,000	19,609,260	5,690,740	78%
Finance costs						
Refunds						
<b>Total Operational Expenditure paid</b>	<b>84,000,000</b>	<b>26,000,000</b>	<b>110,000,000</b>	<b>76,860,483</b>	<b>33,139,519</b>	<b>70%</b>
<b>Capital Expenditure paid</b>						
<b>Surplus/Deficit</b>				<b>(95,167)</b>		<b>%</b>

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

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**Budget Reconciliation**

	Operating	Financing	Investing	total
<b>Actual amounts on comparable basis presented in the budget and actual comparative statement</b>	<b>(95,167)</b>	-	-	<b>(95,167)</b>
Basis difference	-	-	-	-
Timing differences	166,622	-	-	<b>166,622</b>
Entity differences	-	-	-	-
Classification differences	-	-	-	-
<b>Actual in the statement of cashflows</b>	<b>71,455</b>	-	-	<b>71,455</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

Wajir County Referral Hospital is established by and derives its authority and accountability from Health Act 2017. The entity is wholly owned by the Wajir County Government and is domiciled in Wajir County in Kenya. The entity's principal activity is providing medical service.

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

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

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

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

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

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

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

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024-2025 was approved by Board on October **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 **84,000,000** 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

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

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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 3 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 derecognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

y. **Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 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.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	0	30,000,000
<b>Total government grants and subsidies</b>	0	30,000,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
Wajir County Government	30,000,000	0	0	0	30,000,000
<b>Total</b>	<b>30,000,000</b>	0	0	0	<b>30,000,000</b>

Notes to Financial Statements Continued

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

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceuticals	96,737,406	0
Non-Pharmaceuticals	15,834,215	0
Laboratory	28,332,265	0
Fuel	7,944,611	
Cleaning Services	21,600,000	
Firewood	1,932,000	
Employees	474,033,099	0
<b>Total grants in kind</b>	<b>646,413,595</b>	<b>0</b>

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

Description	2024-2025	2023-2024
	KShs	KShs
SUPPLY AND DELIVERY PHARMACEUTICALS AND MEDICAL EQUIPMENTS( <b>HELPING HAND</b> )	17,275,289	0
SUPPLY AND DELIVERY OF MEDICAL CONSUMABLES AND DEVICES FOR PATIENT CARE AND MONITORING( <b>SAVE THE CHILDREN</b> )	997,641	0
SUPPLY AND DELIVERY OF BASIC DIAGNOSTIC AND MONITORING EQUIPMENT( <b>UNICEF</b> )	1,406,850	0
SUPPLY AND DELIVERY OF NEONATAL RESPIRATORY SUPPORT SYSTEMS AND CONSUMABLES( <b>USAID</b> )	1,435,573	0
SUPPLY AND DELIVERY MAMA KITS AND INFANT BATH BASIN( <b>SAFAICOM FOUNDATION</b> )	117,800.00	0
<b>TOTAL</b>	<b>21,233,153</b>	<b>0</b>

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	KShs	KShs	KShs	KShs	KShs
HELPING HAND FOR RELIEF AND DEVELOPMENT	17,275,289	-	-	17,275,289	-
SAVE THE CHILDREN	997,641	-	-	997,641	-
UNICEF	1,406,850	-	-	1,406,850	-
USAID	1,435,573	-	-	1,435,573	-
SAFARICOM FOUNDATION	117,800.00	-	-	117,800.00	-
<b>Total</b>	21,233,153	-	-	21,233,153	-

Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
NHIF/SHA Reimbursements		57,246,670
Less NHIF Transfers to CRF		-48,802,156
		<b>8,444,514</b>
Renal	20,705,906	-
Maternity	30,196,114	-
Laboratory	2,588,238	-
Theater	1,725,492	-
Outpatient	862,746	-
Inpatient	18,117,668	-
Radiology	9,490,207	-
Other revenue streams	2,588,238	-
Ear Nose and Throat service		-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income ( <i>specify</i> )	-	-
<b>Total revenue from the rendering of services</b>	<b>86,274,610</b>	<b>8,444,514</b>

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

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

**10. Medical/ Clinical Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Inkind contribution		-
Non-Pharmaceuticals	7,948,799	-
Pharmaceutical supplies	74,798,520	-
Laboratory chemicals and reagents	16,720,748	
Fuel	7,944,611	
Cleaning Services	21,600,000	
Firewood	1,932,000	
Rendering services		
Public health activities		
Food and Ration	21,900,348	
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	17,048,168	-
Pharmaceutical supplies	2,731,035	931,920
Health information stationery	2,906,600	-
Reproductive health materials	-	
Hospital beds	-	-
Sanitary and cleansing Materials	-	-
Blood donor sample testing	595,000	-
Purchase of Medical gases	595,000	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (specify)	-	-
<b>Total medical/ clinical costs</b>	<b>176,720,828</b>	<b>931,920</b>

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

**11. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	7,857,800	6,076,600
Contributions to pension schemes	1,728,600	-
In kind salaries to permanent employees	474,033,099	-
Service gratuity		-
OTHER employee cost LOCUM	6,000,000	14,960,000
Staff medical expenses and Insurance cover	149,994	-
Group personal accident insurance and WIBA		-
Social Security contribution		305,200
<b>Employee costs</b>	<b>489,769,493</b>	<b>21,341,800</b>

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

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

**12. Board of Management Expenses**

Description	2024-2025	20
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	1,198,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	270,000	-
Airtime allowances	-	-
<b>Total</b>	<b>1,468,000</b>	<b>-</b>

**13. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	331,180	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>331,180</b>	<b>-</b>

**14. Repairs And Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	-	1,900,000
Medical equipment	22,489,689	4,876,000
Office equipment	-	
Furniture and fittings	-	
Computers and accessories	-	
Motor vehicle expenses	992,824	
Maintenance of civil works	3,606,974	3,520,901
<b>Total repairs and maintenance</b>	<b>27,089,487</b>	<b>10,296,901</b>

**15. Grants from donor and development partners**

Description	2024-2025	2023-2024
	Kshs	Kshs
Grants from donors and development partners	2,912,317	-
<b>Total grants from donors and development partners</b>	<b>2,912,317</b>	<b>-</b>

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

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

**16. General Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	2,809,450	1,552,900
Water and sewerage costs	1,620,000	456,000
Insecticides and rodenticides		
Audit fees		
Bank charges	149,482	
Conferences and delegations		
Consultancy fees		
Contracted services		
Electricity expenses	12,488,638	6,130,000
Fuel and Lubricants	205,000	
Insurance		
Research and development expenses		
Travel and accommodation allowance	3,789,200	5,341,316
Security allowance	2,545,500	
Licenses and permits		
Courier and postal services		
Printing and stationery	3,975,156	
Covid-19 fund refund	256,000	
Rent expenses		
Water and sewerage costs		
Skills development levies		
Telephone and mobile phone services	127,500	
Internet expenses		
Staff training and development	660,000	1,995,650
Subscriptions to professional bodies	768,075	
Other general expenses	2,197,567	421,394
Library books/Materials		
Parking charges		
<b>Total General Expenses</b>	<b>31,591,568</b>	<b>15,897,260</b>

**17. Cash And Cash Equivalents**

Description	2024-2025	2023-2025
	KShs	KShs
Current accounts	71,455	166,622
Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b>71,455</b>	<b>166,622</b>

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1308986033	-	81,708
First Community Bank/Premier Bank	8000602801	34,948	34,948
Kenya Commercial bank (NHIF)	1171430051	-	49,966
Kenya Commercial bank – WCRH FIF Expenditure Account	1332303919	4,004	-
Kenya Commercial bank- WCRH FIF Revenue account		32,503	-
<b>Sub- total</b>		<b>71,455</b>	<b>166,622</b>
cash in hand		-	-
Mobile money- Mpesa, Airtel Money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>71,455</b>	<b>166,622</b>

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

**18. Receivables From Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	14,866,241	5,356,947
<b>Total receivables</b>	<b>14,866,241</b>	<b>5,356,947</b>

**Analysis of Receivables From Exchange Transactions**

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	14,866,241	100%	5,356,947	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	<b>14,866,241</b>	<b>100%</b>	<b>5,356,947</b>	<b>100%</b>

**19. Inventories**

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	21,938,886	0
Lab reagents	11,611,517	0
Non pharmaceutical	7,885,416	0
Donor	18,320,837	0
<b>Total</b>	<b>59,756,655</b>	<b>0</b>

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

*Notes to the Financial Statements (Continued)*

**20. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2024									
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2024</b>									
At 1 July 2025									
Additions				1,535,840		696000			2231840
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2025</b>				1,535,840		696000			2231840
<b>Depreciation and impairment</b>									
At 1 July 2024									
Depreciation for the year									
Disposals									

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

Impairment								
<b>At 30 June 2024</b>								
At July 2025								
Depreciation			191,980		139,200			331,180
Disposals								
Impairment								
Transfer/adjustment								
<b>At 30<sup>th</sup> June 2025</b>			<b>191,980</b>		<b>139,200</b>			<b>331,180</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2024								
At 30 <sup>th</sup> Jun 2025			<b>1,343,860</b>	-	<b>556,800</b>	-		<b>1,900,660</b>

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

**21. Trade and other Payables**

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Trade payables	47,032,956		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>47,032,956</b>		<b>-</b>	
			<b>Comparative</b>	
<b>Ageing analysis:</b>	<b>Current</b>	<b>% of</b>	<b>FY20</b>	<b>% of</b>
	<b>FY2024-2025</b>	<b>the</b>	<b>23-</b>	<b>the</b>
		<b>Total</b>	<b>2024</b>	<b>total</b>
Under one year	43,502,921	92%	-	-
1-2 years	3,050,035	07%	-	-
2-3 years	480,000	01%	-	-
Over 3 years		%	-	-
<b>Total</b>	<b>47,032,956</b>	<b>100%</b>	<b>-</b>	<b>-</b>

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

**22. Cash Generated from Operations**

Description	Period ended March 31 2025	Audited Prior year 30th June 2024
	Kshs	Kshs
<b>Surplus for the year before tax</b>		
<b>Surplus for the period before tax</b>	24,038,486	
<b>Adjusted for:</b>		-
Depreciation	331,180	-
Less: Non-cash grants received	-	-
Contributed assets		-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working capital adjustments</b>		-
Increase in inventory	(59,756,655)	-
Increase in receivables	(9,509,294)	-
Increase in deferred income	-	-
Increase in payables	47,032,956	
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>2,136,673</b>	-

**23. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	5,356,947	5,356,947	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	166,622	166,622	-	-
<b>Total</b>	<b>5,523,569</b>	<b>5,523,569</b>	-	-
At 30 June 2025				
Receivables from exchange transactions	14,866,241	14,866,241	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	71,455	71,455	-	-
<b>Total</b>	<b>14,937,696</b>	<b>14,937,696</b>	-	-

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

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

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

**(ii) Liquidity risk management**

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

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

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

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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

Notes to the Financial Statements (Continued)

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 1 (2024: KShs 1). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 3,593 (2024 – KShs 3,593).

**iv) Capital Risk Management**

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

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

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

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

**24. Related Party Balances Nature of related party relationships**

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

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Transfer from County Government	-	30,000,000
Inkind contribution from County Government	646,413,595	-
Grants from the National Government Entities	-	-
Donations in kind	21,233,153	-
<b>Total</b>	<b>667,646,748.00</b>	<b>30,000,000.00</b>

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

**25. Events after the Reporting Period**

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

21. **Ultimate and Holding Entity**

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

22. **Currency**

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

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

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1	<b><i>PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS</i></b> 1. Late submission of financial statements	The Financial Statement for the FY2023/2024 was submitted on time i.e. before 30 <sup>th</sup> September 2024.	Resolved	30 <sup>th</sup> June 2025
	2. Variances in revenue in rendering services	The variance of Kshs 2,081,300. was as a result of pending claims from NHIF which were pending at the time of audit.	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	3. Non-compliance with financial reporting template	The query was as a result of Financial Statement (FS) not being signed by a certified accountant. Based on the Audit recommendations that the head of finance who signs the financial statements should be a Certified Public Accountant of Kenya. The County Treasury has posted an Accountant with ICPAK membership of good standing.	Resolved	30th June 2025
	4. Stock-out of essential medical supplies	The management of Wajir County Referral Hospital (WCRH) has established a Commodities Security, Medicines and Therapeutic Committee. The management also developed policy guidelines on Hospital Commodity management.	Resolved	30th June 2025
	5. Collection of revenue (revenue in the hospital was merged together	During the audit period, Wajir County Referral Hospital and Sub-County Hospitals shared one Revenue Account.		30th June 2025

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	with other sub-county hospitals)	Following the recommendations of the audit, the County enacted County FIF Act in October 2023 and subsequently operationalized the Act as from 1st July 2024 by enabling each Sub-County Hospital to open its own account. Currently WCRH has a separate revenue account for better documentation and strong internal controls to avoid revenue leakages and co-mingling of funds. Revenue collection and expenditure is guided by the FIF act and guidelines	Resolved	
2.	NON-DISCLOSURE OF EMPLOYEE COST PAID BY THE COUNTY GOVERNMENT	The expenses incurred under personnel emoluments were reported by the County Executive in its consolidated expenditure report. The management has complied with the audit recommendations in the FY 2024/2025.	Resolved	30th June 2025
3	NON-DISCLOSURE OF OTHER EXPENSES PAID BY THE COUNTY GOVERNMENT	The expenses incurred under pharmaceuticals, non-pharmaceuticals, stationery and catering supplies were reported by the County Executive in its consolidated	Resolved	30th June 2025

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		<p>expenditure report. The management undertakes to comply with the audit recommendations in the Financial Year 2024/2025.</p> <p>In line with the audit recommendations, the hospital management has complied by disclosing in its financial statement the pharmaceutical and non-pharmaceuticals, stationery and catering procured by the executive on behalf of the Hospital.</p>		
4	UNCONFIRMED STOCK BALANCE	<p>The management has undertaken to comply with the audit recommendations in the subsequent financial year FY2024/2025. To address the same, the management has: -</p> <ul style="list-style-type: none"> <li>• Developed Hospital Commodity Management policy and designed quarterly commodity valuation form to help in reporting.</li> <li>• The management has done stock taking for the</li> </ul>	Resolved	30th June 2025

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		year ending as at 30th June 2025		
5	UNDISCLOSED PROPERTY, PLANT AND EQUIPMENT	the management has a nominal list of all asset of the Hospital and is in the process of engaging a valuer to ascertain the actual values of the Property, Plant and Equipment (PPE) for the purpose of financial reporting. In addition, the management is in the process of registering the hospital land and obtaining ownership documents.	Partly resolved	
6	LOSS OF REVENUE DUE TO IN-PATIENT ABSCONDMENT	the management has put in place security measures including construction of a perimeter wall and enforcement of strict visiting hours to ensure that cases of abscondment are curtailed. In addition, the management has put in place memos to manage revenue collection, visiting hours, gate pass and patient abscondee form.	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
7	BUDGET AND BUDGETARY CONTROL	the under collection was due to the nationwide doctors' industrial action which lasted for 2 months resulting in the paralysis of major services in the hospital. Also, the operationalization of dispensaries within the four miles radius of Wajir town reduced the number of patients coming to the main referral hospital.	Resolved	
8	UNRESOLVED PRIOR YEAR MATTERS	Reported in the Financial Statement FY2024-2025	Resolved	30th June 2025
	<ul style="list-style-type: none"> <li>Undisclosed in-kind contribution</li> </ul>			
	<ul style="list-style-type: none"> <li>Unconfirmed stock balance</li> </ul>	Reported in the Financial Statement FY2024-2025	Resolved	30th June 2025
	<ul style="list-style-type: none"> <li>Undisclosed property, plant and equipment (PPE) value</li> </ul>	Reported in the Financial Statement FY2024-2025	Partly resolved	30th June 2025
	<ul style="list-style-type: none"> <li>Loss of revenue due to in-patient abscondment</li> </ul>	Auditor's advice to be implemented	Resolved	30th June 2025
	<ul style="list-style-type: none"> <li>Deficiencies in implementing UHC</li> </ul>	Auditor's advice to be implemented	Resolved	30th June

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
				2025
9	FAILURE TO PREPARE ESTIMATES OF INCOME AND EXPENDITURE	the Hospital had its budget consolidated in the County Executive budget because the facility had no Management Board for the year under review. Currently, the Hospital has a Board in place and had an approved budget for Financial Year 2024/2025.	Resolved	30th June 2025
10	10. MANAGEMENT OF NATIONAL HEALTH INSURANCE FUND (NHIF)	the Facilities Improvement Financing Act (FIF) Act 2023 was enacted in October 2023 in the middle of the Financial Year. The County also enacted the County FIF Regulations in November 2024 to facilitate implementation of the FIF Act. As a result, the FIF implementation was planned as from 1st July, 2024.  During this period, the County Executive procured all essential commodities and services for Wajir County Referral Hospital hence services were not disrupted.	Resolved	30th June 2025
11	11. DEFICIENCIES	the Hospital has some health cadres that do not meet the	Resolved	30th June 2025

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	IMPLEMENTATION OF UNIVERSAL HEALTH COVERAGE (UHC)	threshold required for a Level 4 Hospital while other cadres surpass the threshold. One of the major constraints is budget to cover the expenses and the county is above the 35% threshold for personnel emoluments as per the requirements of the fiscal responsibility principles according to the PFM Act 2012		
12	12. LACK OF APPROVED STAFF ESTABLISHMENT	The Hospital Board was appointed in March 2024. The board will develop and approve the Human Resources Policy; Organogram, Staff Establishment, and other Human Resources related guidelines among others.	Resolved	30th June 2025
13	13. LACK OF INTERNAL AUDIT FUNCTION AND AUDIT COMMITTEE	the Hospital Management Board has established an Audit Sub –Committee vide Min. 10/10/2024.	Resolved	30th June 2025
14	14. LACK OF KEY MANAGEMENT POLICIES	The Hospital Management and the Board are working to design and come up with the relevant policies and guidelines on human resource policy, debt policy, finance manual, risk management policy and business	Partially resolved	30th June 2025

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		continuity plan for approval and implementation.		
15	WEAKNESSES IN INFORMATION TECHNOLOGY (IT) INTERNAL CONTROLS	<p>the Hospital relies on Wajir County Information Communication Technology (ICT) Department for the delivery and support of its ICT services. In line with best practices for data security, the hospital's servers are hosted under the County ICT infrastructure such the Revenue Management System. This arrangement helps to minimize the risk of data loss and ensures the integrity of critical hospital information.</p> <p>To further support the effective management of ICT operations within the Hospital, the County ICT Department has seconded qualified ICT officers.</p>	Resolved	30th June 2025

**Guidance Notes:**

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

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

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



.....  
**Accounting Officer**

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

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

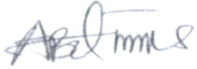
**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity...Waji county govement  
 Name of Beneficiary entity... Wajir County Referral Hospital

Confirmation of amounts received by Wajir County Referral Hospital as at 30 <sup>th</sup> June 2025 from county government of Wajir					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
N/a	N/a	N/a	N/a	N/a	
Total					

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

**Head of Accounts Department - Beneficiary Entity:**

Name ...Abdirahman Adan Adow....Sign....  ..... Date.....03-08-2025.....

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

**Appendix IV Reporting of Climate Relevant Expenditures**

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

*Wajir County Hospital (Wajir County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 20xx*

**Appendix V: Disaster Expenditure Reporting Template**

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