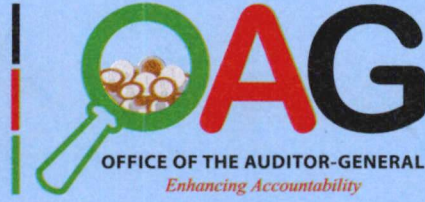


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KARATINA SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYERI

of



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KARATINA SUB COUNTY HOSPITAL
County Government of Nyeri

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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Karatina Sub County Hospital (County Government of Nyeri)
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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
KEMSA	Kenya Medical Supplies Agency
MEDs	Mission for Essential Drugs Supply
HMT	Hospital Management Team.
CHMT	County Health Management Team
MED SUP	Medical Superintendent
NHSF	Nyeri Health Service Funds
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

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

2. Key Entity Information and Management

(a) Background information

Karatina Sub County Hospital was established in the 1944 through the effort of Hon Davidson Ngubuni Kuguru starting in Karatina town centre as Karatina hospital Dispensary, the hospital was further relocated to the current ground in the year 1973 as a Health Centre and upgraded to a sub-district hospital in 1981. The facility was further upgraded to a district hospital in 1990 following the 'Nyayo Wards' program of 1988, it was categorized as a level IV Health Facility in the year 2020 under gazette notice number Vol. CXXII No. 24 dated 4th February, 2020. The hospital is domiciled in Nyeri County under the Department of Health Services.

The hospital catchment population is 81,182 people spread across the Mathira sub counties but serves communities beyond Mathira stretching to Kirinyaga and Murang'a Counties The hospital is a 7 wards hospital with a bed capacity of 216 beds and average bed occupancy of 87%. The hospital is relatively busy with a monthly workload of 9,500 clients for general outpatient and 2,300 for specialised clinics and an inpatient admission of 532 patients, the hospital continues to offer health services that are responsible to the community needs. The hospital is governed by a Board of Management appointed by The Governor.

(b) Principal Activities

The hospital principal activity is provision of level IV services with a core mandate of promoting and providing quality preventive, promotive curative and rehabilitative services. The hospital serves as a referral centre for over 28 primary health facilities across Mathira sub counties.

Vision:

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

Mission:

To provide quality integrated curative, preventive, promotive and rehabilitative services

(c) Key Management

The hospital's management is under the following key organs as provided in the hospital organogram:

- a. Board of Management
- b. Hospital Management team (HMT)
- c. Hospital Sub committee
- d. Hospital Departments

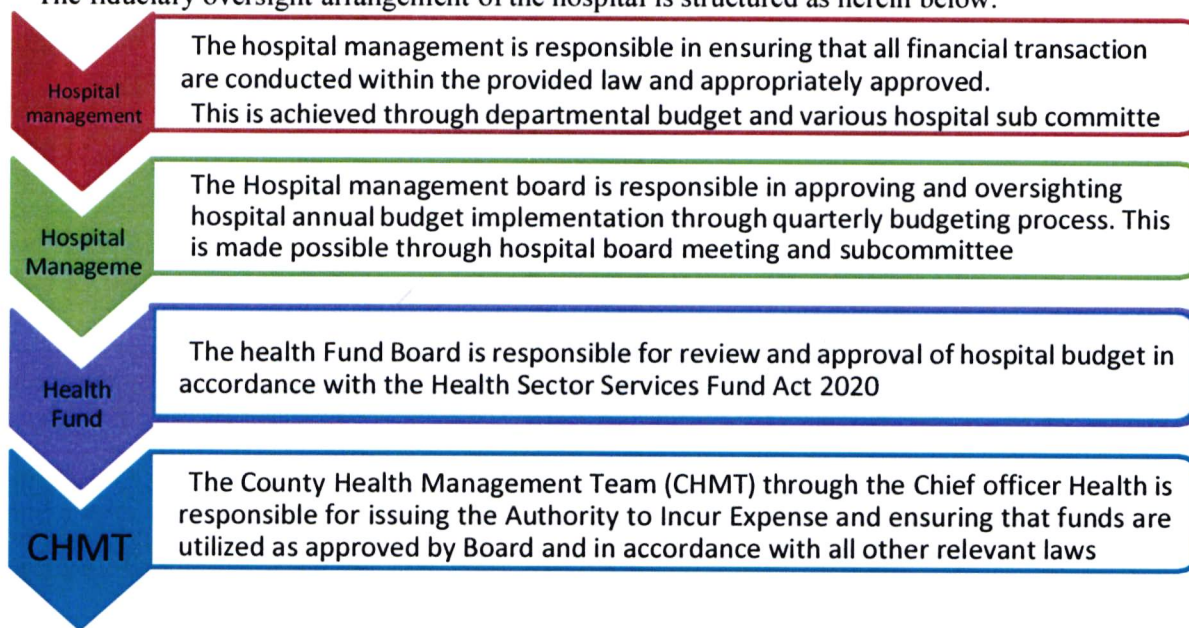
Fiduciary Management

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

No	Designation.	Name
1.	Medical Superintendent	Dr Peter M Munyua
2.	Head of Administration	Kelvin M Kibaara
3.	Director Nursing services	Winfred Ndinda Kihagi
4.	Head of finance	John Ng'anga
5.	Head of supply chain	Ephantus Wachira

Fiduciary Oversight Arrangements

The fiduciary oversight arrangement of the hospital is structured as herein below:



The execution of the fund is done through delegated authority that involve a process outlined in the Nyeri Health services fund regulation.

Entity Headquarters

Karatina Hospital
Along Karatina - Ragati
Road Off Karatina Nairobi
Highway Karatina.

(d) Entity Contacts

P.O. Box 133- 10101
Telephone: (+254) 0712925009/ 0721600982
E-mail: karatinadhospital@yahoo.com
Website:

(e) Entity Bankers

Kenya Commercial Bank (KCB) – Karatina Branch.


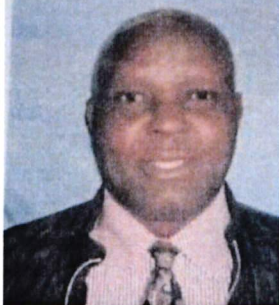
(f) Independent Auditors

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




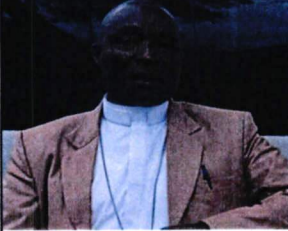

(g) Principal Legal Adviser

The County Attorney
P.O. Box
Nyeri, Kenya

3. The Board of Management

Ref	Board Members		Details
1.	Dr Francis Kimani Chairman Hospital Board		The chairperson of the Board is a practicing Physician and a former Director of Medical Services from 2008- 2014. He hold Doctorate degree in public health Management from Nairobi university.
2.	Dr Peter M Munyua Secretary to the Hospital Board		Medical superintendent and Public Health Expert, He holds a Degree in Medicine and a Master's in Public Health from University of Nairobi.
3.	Dr Robinson Nduati Member representing NGO		A member of the board drawn from NGO is a Medical Doctor and a Healthcare Manager with over 15 years of experience working with Public and Private Healthcare providers. He is currently working as a Health Systems Strengthening Specialist for LVCT Health to capacity build County governments in readiness for transition of HIV care and prevention services from the donors (PEPFAR) to counties.
4.	Samuel Mwaniki Kimiru Member representing health professional.		Retired Senior registered community health Nurse doing private practice. Formally worked at Karatina Home and community based project and project coordinator and interested in community mobilisation.

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Ref	Board Members		Details
5.	Francis Kibuchi Member representing PWDs		A retired teacher by profession who has worked in various institution previous as sport coach at Kenyatta university.
6.	Ephantus Ngochi Member representing person with finance Back ground		Member of hospital board drawn from community with background in Accountant, having worked in audit and banking sector. He Holds a Bachelor's Degree in business Administration,
7.	Rahab Njeri Gachie Member Representing Health Insurances		Rahab Njeri Gachie is a Registration and compliance officer with National Health Insurance Fund (NHIF) Nyeri Branch. She holds a Degree in Commerce- Human resource and Pursuing MBA in strategic management.
8.	Rev Daniel Wachira Member representing religious organisation		Reverend with the Presbyterian Church of East Africa, he holds a Diploma in Theology and training in clinical pastoral education.
9.	Dr John Ndegwa Member representing the county Director of Health		Dr Ndegwa is a member of the County Health management team a pharmacist by profession working as the County Pharmacist.

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Key Management Team

Ref	Management	Details
1.	Dr Peter M. Munyua	Medical Superintendent
2.	Kelvin Kibara	Health Administrative officer
3.	Wifred Ndinda Kihagi	Nursing Manager
4.	Dr. Nickson Syindu Musau	In charge - Psychiatrist Department.
6.	Dr John Kiiru Karanja	In charge Obstetric Gynecology
7.	Dr Louisa Wanjiru Mahinda	In charge Internal Medicine (Physician)
8.	Dr Peter Mwangi	In charge Pediatrics
9.	Dr Silas Njoroge	In charge Surgical Department
10.	John Ng'ang'a	In charge Accounts
11.	Caroline Nderitu	In charge Physiotherapy
12.	Florence Wacheke	In charge Orth trauma
13.	Consolata Kinyua	In charge Health Records
14.	Martin Mwangi	In charge Laboratory
15.	Elizabeth Waithira	In charge Nutrition
16.	Dr Kennedy Karanja	In charge Dental Services
17.	Ann Njeri	In charge Biomedical Engineering
18.	Dr Allison Kamaru	In charge Pharmacy
19.	Grace Wangu Macharia	In charge Occupational therapy
20.	Boniface Ndegwa	In charge Eye Department
21.	Ephantus Wachira	In charge procurement
22.	Geofrey Mwangi	In charge Radiology
23.	Dennis Murimi Gicovi	In charge Mortuary.
24.	James Richard Nyaga	In charge Medical Social worker
25.		

5. Chairman's Statement

The Hospital Management Board key role is provision of effective leadership and governance towards provision of quality and affordable health services by the hospital Management team. The Financial year 2024/2025 was the 4th year of implementation of Nyeri Health Services Fund (NHSF) for the hospital and tremendous improvement has been registered.

There has been an increase in the patient attendance in outpatient 113,782 and decrease in inpatient 6,388 compared to previous years due to introduction of new insurance SHA and SHIF, however there was sustained services in department such as Laboratory test (clinical chemistry), Radiology services, dental services and uninterrupted supply of health commodities. The continuous improvement quality program has enabled positive indicators in the key thematic areas of services delivery such as patient safety and infection prevention and control program, the hospital laboratory which was accredited last year continued boasting the reliability and trust of the laboratory result from the facility.

The hospital was able to achieve the targeted revenue collection though the actual revenue collection was not achieved due to delay of reimbursement by insurances. The implementation of Nyeri County Health Services Fund has enabled the hospital to improve on credit rating by suppliers hence reduction restocking period for health commodities.

Despite the tremendous improvement the hospital continues to face challenges in the following areas; inadequate working space at the Outpatient block thus limiting on the number of days the specialized clinics are offered, lack of basic equipment, inadequate human resource in critical cadres such as medical officer, nurses and clinical officer's, low budget support by County Government on commodities, utilities and casual employees further affecting the hospital ability towards financial Independence and sustainability.

The hospital plans to continually improve health services through capacity building of staff and ensuring health commodities are available on a timely basis. The board will continue to strengthen leadership and governance to ensure that the hospital is able to offer quality health services and become the level four hospital of choice within the region. The Priority in the coming financial year will be improvement of infrastructure by completion of accident and emergency block geared towards providing a conducive working environment for health workers.



Dr Francis Kimani Mwihiya,
Chairman, Hospital Management Board,
Karatina Sub County Hospital

6. Report of The Medical Superintendent

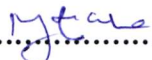
Financial year 2024-25 with the 4th of the hospital financial report under IPSAS accrual is also the 4th year of implementation of Nyeri Health Sector Fund Act. The two experiences have aided the hospital towards good financial stewardship, in resource generation and accountability, the implementation of a health fund has improved the hospital's financial independence, enhancing predictability of fund flow hence creating an efficient and effective management of scarce resources.

The Hospital revenue collection from user charges on both out of pocket and Insurance has continued to grow with revenue realized being Ksh 219 Million in financial year 2024-25 with actual revenue being 155 Million. This increase in revenue has resulted positivity in many ways including; - Introduction of new services, timely payments of creditors hence improved supplier's confidence in doing business with the hospital, enable the hospital to reinstated previous halted services such as Dental services, Laboratory test (Bio Chemistry), orthopedic technology, radiology services, improve staff motivation through training and capacity building etc. the ripples effect of all this has been improved patient care aided through timely diagnosis hence better patient Outcomes.

The hospital plays a key role in the provision of quality preventive, Promotive, curative and rehabilitative services, this is achieved through activities undertaken by various hospital departments under the six thematic areas provided in the county strategic plan. The hospital offers a range of services from Outpatient Services i.e. General consultation, Specialised clinics (surgical, paediatrics, Obstetric gynaecology, Internal medicine, ENT, Psychiatric, EYE, Chest and CCC), Pharmacy services, Laboratory services, Dental services and Records, Rehabilitative services i.e. Occupation therapy, Physiotherapy, Orthopaedic and Ortho trauma services , Inpatient services (medical, surgical, paediatrics, maternity and mental health), Theatre services and mortuary services.

In the financial year 2024-25 the hospital offered services to **113,782** outpatients and 6,388 inpatient clients. The testing, enrolment and adherence of clients in the compressive care center is excellent, children under 1 year are fully immunized. Non communicable conditions continue to lead in hospital morbidity and this has necessitated the hospital embark more on screening for this condition, the program on cervical cancer screening has been well received and with a resident Psychiatric available mental health screening has also improved. The hospital has improved on maternal and child health indicators with the skilled deliveries at 97% of the target population and only 1 maternal death in the reporting year. Due to staffing and unavailability of robust system data capturing and reporting is poor through the hospital management is focusing on improvement to accuracy, this is well demonstrated in low level of attendance of ANC mother for 4 visits.

The hospital was able to complete renovation of dental and kitchen block and initiate completion of accident and emergency block. Through partnership with National Government and VAMED the hospital has benefited with renovation of maternity and Newborn unit.


.....

Dr Peter M. Munyua
Secretary to the Board
Karatina Sub County Hospital

Statement of Performance Against Predetermined Objectives

Karatina Sub County Hospital has six (6) thematic areas and objectives for achievement within the annual work plan for the FY 2024/25 as elaborated in the county health strategic and investment plan 2018 -2023. These thematic areas are as follows;

1. Eliminate Communicable Conditions
2. Halt and Reverse Increase in Non-Communicable Conditions
3. Reduce the Burden of Violence and Injuries
4. Provide Essential Health Care
5. Minimize exposure to health risk factors
6. Strengthen Collaboration with Health-Related Sectors

The Hospital tracks in performance on monthly basis through the department of health records, the data generated is uploaded into a National data base the KHIS and this achievement are periodically share and reviewed by management and Hospital boards as attached in the below table

	Eliminate communicable conditions	Target FY 2024-25	Achievement FY 2024-25	Remarks
1	HIV+ pregnant mothers receiving preventive ARV's to reduce risk of mother to child transmission (eMTCT)	57	20	
2	Number of pregnant women receiving TT2 plus immunization	1868	591	
3	Number of pregnant women receiving IPT2	0	0	
4	Children under one year of age fully immunized	1067	491	
5	Children under one year of age distributed with long lasting insecticide treated nets (LLITNs) in endemic and epidemic districts	0	0	
6	Number of pregnant women distributed with LLITNs in endemic and epidemic districts	0	0	
7	Number of people receiving MDA for schistosomiasis	0	0	
8	Number of TB patients completing treatment	249	134(77%)	
9	Number of TB Patients tested for HIV	249	180(100%)	
10	Number of newly diagnosed TB cases	274	180	
11	Number of eligible HIV clients on ARVs	117	2717	
12	Number of children under the age of five treated for diarrhea	154	89	

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13	Number of school age children de-wormed	N/D	3707	
B	Halt and reverse increase in non-communicable conditions	Target FY 2024-25	Achievement FY 2024-25	
14	Number of adult OPD clients with BMI of more than 25	N/D	N/D	
15	Number of women of reproductive age (WRA) screened for cervical cancer	624	1771	
16	Number of new outpatients with mental health conditions	804	329	
17	Number of new outpatients found with high blood pressure	948	132	
C	Reduce the burden of violence and injuries	Target FY 2024-25	Achievement FY 2024-25	
18	Number of new outpatient cases attributed to gender-based violence	198	12	
19	Number of new outpatient cases attributed to road traffic accidents	403	195	
20	Number of new outpatient cases attributed to other injuries	3090	0	
21	Number of patients with injury related conditions dying in the facility	20	26	
D	Provide essential health care	Target FY 2024-25	Achievement FY 2024-25	
22	Number of pregnant women attending at least four ANC visits	1366	644	
23	Number of WRA receiving family planning commodity	1401	965	
24	Number of pregnant women getting iron supplements	704	3831	
25	Number of deliveries conducted by skilled attendants in health facilities	3207	2479	
26	Number of children under five dying in health facility	12	12	
27	Number of fresh still births in the facility	25	16	
28	Number of facility maternal deaths	0	3	
29	Number of surgical cold cases operated	476	592	
30	Number of persons with ill health referred to community units		N/D	
31	Number of newborns with low birth weight (LBW – less than 2,500 grams)	240	159	
32	Number of children under five years of age attending child welfare clinics for growth monitoring (new cases)	2378	1172	
33	Number of households provided with health promotion messages	0	N/D	
34	Number of clients tested for HIV	5357	5553	
E	Strengthen collaboration with health related sectors	Target FY 2024-25	Achievement FY 2024-25	

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

35	Number of children under five years of age attending child welfare clinics who are under weight	3100	1638	
36	Number of children under five years of age attending child welfare clinics who are stunted	70	593	
37	Number of households with functional toilets		15589	
38	Number of households with hand washing facilities		15589	
F	Access	Target FY 2024-25	Achievement FY 2024-25	
39	Number of new outpatients (male)	49255	60,460	
40	Number of new outpatients (female)	50652	62,928	
41	Number of inpatients (admissions) under five years of age	995	811	
42	Number of inpatient (admissions) over five years of age	6243	5,915	

7. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring accountability, transparency and fairness to stakeholders in meeting their expectations. Through the Hospital Board the Hospital remains steadfast in complying with requirements of County Government Act, Nyeri County Health Services Act 2015, Nyeri Health Service Fund Act 2021 and other applicable laws governing the Code of Governance of hospital Boards.

Hospital Management Board.

The Hospital board was established through a gazette notice no CXXI No 132 dated 4th October 2019 following due process of appointment by HE. Governor Mutahi Kahiga in accordance with the provision of the Nyeri County Health Services Act 2015. The board is composed of nine members of which 8 are non-Executive members and one executive member (medical superintendent), the board is drawn from various representative groups. The Hospital Board conducts its Business in accordance with the provision of the Nyeri County Health Service act 2015, Nyeri Health Service Fund Act 2021 and other applicable laws governing the conduct of the Board.

Composition of the Board.

Pursuant to second Schedule of the Nyeri County Service act 2015 the board comprises of

- a) A non-executive chairperson nominated by the executive secretary and appointed by the Governor;
- b) The Hospital In- Charge of the hospital who shall be an ex officio member and the secretary;
- c) The County Director or his/her representative
- d) One person representing faith-based organizations
- e) One person representing non-governmental organizations providing health services in the county or sub county
- f) One person representing persons with disabilities;
- g) One person representing health professional bodies in the County or sub county, who are not public officers;
- h) One person who has knowledge or experience in finance or accounting; and
- i) One person representing the health insurance

Responsibility of the board in financial management.

The responsibility of the hospital board in accordance with the provision of the Nyeri Health Service Fund 2021 include; -

- a) Approve budgets, programmes and plans of the health Services;
- b) Prepare an annual budget and plan to be adopted by the Fund Board;
- c) Formulate strategies on resource mobilisation;
- d) Resolve any conflicts that arise amongst health Services whose nature is the allocation of resources, membership of the committees or joint programmes;
- e) Inspect health Services, prepare reports and forward to the Fund Board;
- f) Identify implementation challenges and seek corrective actions;
- g) Make policy recommendations on cost sharing, public awareness on health and administration of the fund.

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

h) Determine such number of standing committees and composition of ad hoc committees.

Hospital Board meetings.

The hospital board meetings are scheduled on quarterly basis and are conducted every 1st month of every quarter and not later than 15th day of that month, where the circumstances provide the hospital board may hold a special board meeting. The hospital board meetings are capped to not more than six (6) meetings in one financial year. The Chairman, in conjunction with the Secretary, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting. In the year under review, the Board held a total of 5 meetings to consider pertinent issues relating to budget, performance and sustainability of the Hospital.

Board and subcommittee meeting attendance.

	Hospital Board Meeting	Boards Sub Committee		
		Finance and General Purpose Sub-committee.	Quality of Health Care (QHC) services sub-committee.	Audit Sub-Committee.
Dr Francis Kimani (chairman)	5			
Dr Peter M Munyua	4		3	
Robinson Nduati	2			
Samuel Mwaniki Kimiru.	4		4	
Francis Kibuchi	5		4	
Ephantus Ngochi	4	5		
Rahab Njeri Gachie	5	5		
Rev Daniel Wachira	3	3		
Dr John Ndegwa	4			4

Board Committees.

In order to achieve efficiency and effectiveness in delivery of its mandate the Board constituted three (3) sub committees with clear defined terms of reference in key areas of operations. The committees operate on delegated authority without diluting the Board's accountability. Members to the committees are selected taking into consideration the necessary skills and experience in a particular field and are assisted by members of the hospital management team for better execution of the mandate. The Board Chairman is not allocated any role in the subcommittee. The committee members include: -

1. Finance and General Purpose Sub-committee.

- | | | |
|--------------------|--------------|----------|
| 1. Ephantus Ngochi | Board Member | Chairman |
| 2. Rahab Njeri | Board Member | Member |
| 3. Rev Wachira | Board Member | Member |

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4. Kelvin Kibaara	Director Administration	Member
5. John Ng'anga	In charge Accounts	Member
6. Ephantus Wachira	In charge supply chain management	Member
7. Dr allison kamaru	Pharmacist	Member

2. Quality of Healthcare (QHC) services sub-committee.

1. Samuel M Kimiru	Board Member	Chairman
2. Francis Kibuchi	Board Member	Member
3. Dr Peter Mwangi	Medical superintendent	Member
4. Winfred Kihagi	Nurse manager	Member
5. Elizabeth Nguyo	Chair QIT	Member
6. Rebecca Muiga	Cordinator QIT	Member
7. Ann Mendi	Health records	Member

3. Audit Sub-Committee.

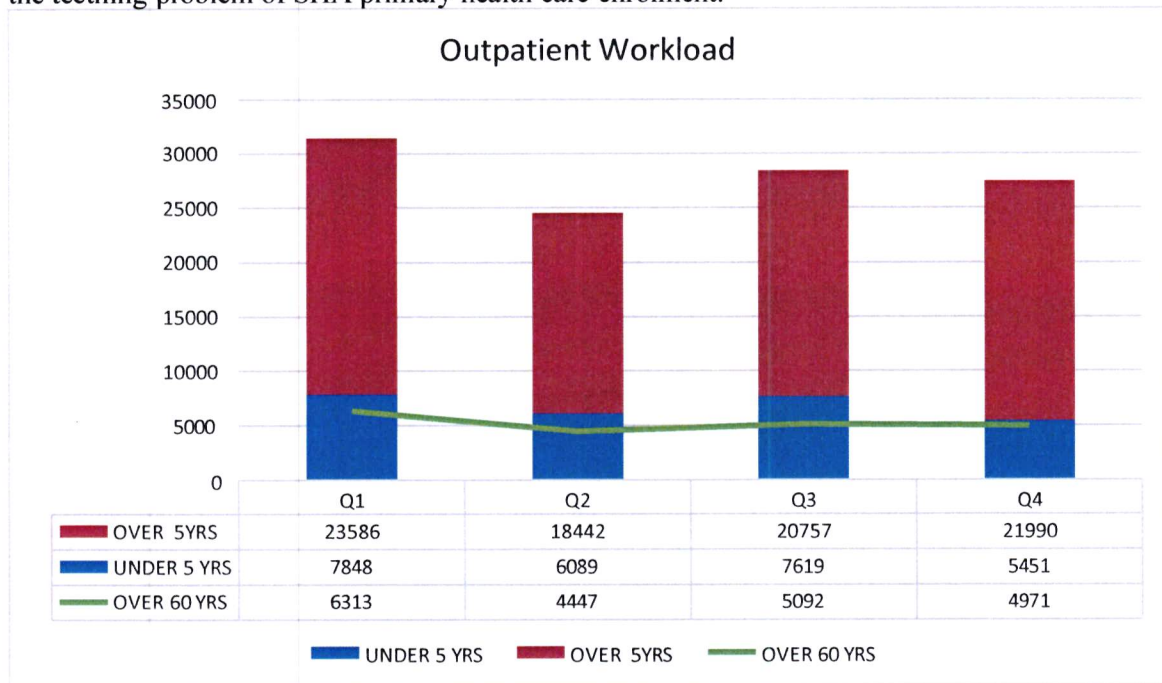
1. Joseph Gatimu	Board Member	Chairman
2. Dr John Ndegwa	Board Member	Member
3. Penina Muthani	Dep Nurse Manager	Member
4. Mary Wachira	Outpatient	Member
5. Polycarp Mocheche	Dental Department	Member
6. Margaret Kimani	Health Administrator	Member

8. Management Discussion and Analysis

The Hospital continues to provide a range of healthcare services to its catchment population ranging for outpatient filter clinics, specialized consultant’s clinics, inpatient services, theatre services and morgue services amongst others. The hospital also provides clinical support services that include laboratory, pharmacy and radiology services.

Clinical/operational performance

The hospital outpatient visits in the financial year 2024-25 was 113782 clients comprising both new and revisit clients as presented in the bar graph below an averaging 9,500 clients per month. The trend shows a downward trend in outpatient visit over the 4 quarter of the financial year, this is partially attributed to the teething problem of SHA primary health care enrolment.



Outpatient specialized clinics.

The specialised clinics are relatively busy recording on average 2300 clients per month. The highest attendance recorded is in the Eye Clinic followed by Medical clinic (MOPC) as presented below: -



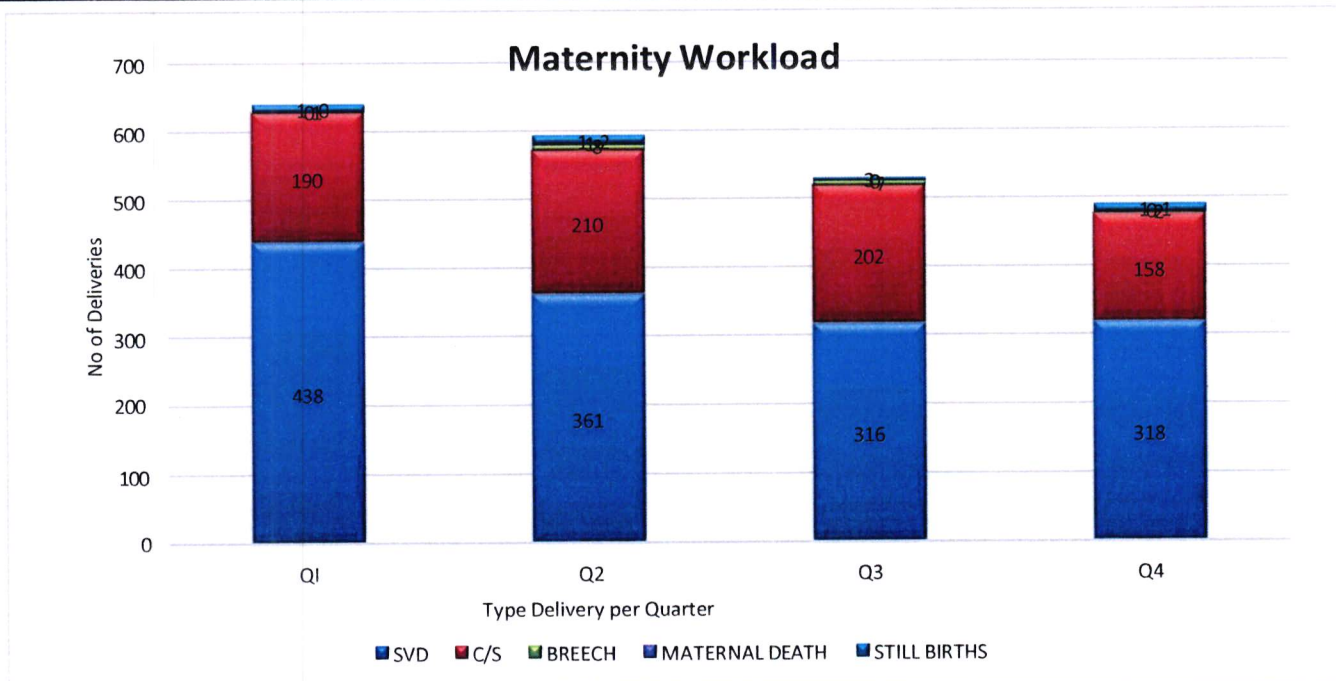
INPATIENT ATTENDANCIES.

The hospital comprises Seven (7) wards with a total bed capacity of 216 beds and 12 Baby Cots. The average length of stay at the hospital is 9.3 days and the average bed occupancy is 75%. The hospital inpatient Mortality rate is 58/1000 population. The total hospital admission in the financial year under review was 6388 patients given a monthly average of 532 admissions as indicated in the chart below. This a reduction in the admission attributable to reduce admission space in the maternity due to ongoing renovation of Maternity department.

	Admission	Death per 1000 Popn	ALOS	Percentage Occupancy	Average Occupancy
PAEDIATRICS	824	23	8.7	87%	20
FEMALE SURGICAL	1199	44	7.5	75%	25
FEMALE MEDICAL	771	178	11.2	74%	27
MALE SURGICAL	652	75	10.6	72%	20
MALE MEDICAL	578	189	10.9	69	19
MATERNITY	2364	0	5.7	80%	43
OVERALL TOTAL FY 24-25	6388	58	9.3	75%	154

Maternity utilisation

There is notable reduction in maternity admission and deliveries as shown in the bar chart below, this is attributed to the reduction in maternity space to pave way for renovations.



SURGICAL THEATRE UTILISATION.

The hospital has two operational theatres i.e. the main theatre and the maternity/ emergency theatre the average monthly utilization for both theatres is 118 cases per month, there was an increase in caesarean cases and orthopaedic cases that were recently introduced in the hospital. The hospital is looking to investing more on instrument (ENT and Traction table) and equipment especially the Image intensifier for optimal utilization of the specialist.

Specialization	Major	Minor	Total
OBS/GYNE	79	49	128
ORTHOPEDIC	77	27	104
GENERAL SURGERY	215	139	354
CEASERIAN SECTION	830	0	830
Total	1,201	215	1416

o *Sponsorships and partnerships*

The hospital has two active partners supporting the facility, this include the LVCT DHIBITI program that support the implementation of the Comprehensive Care Centre to the HIV patient care and the VAMED project supporting the construction and equipping of the maternal health. (Maternity, Antenatal and postnatal services). The hospital recently got a AMREF partnership who supported the renovation of the laboratory

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

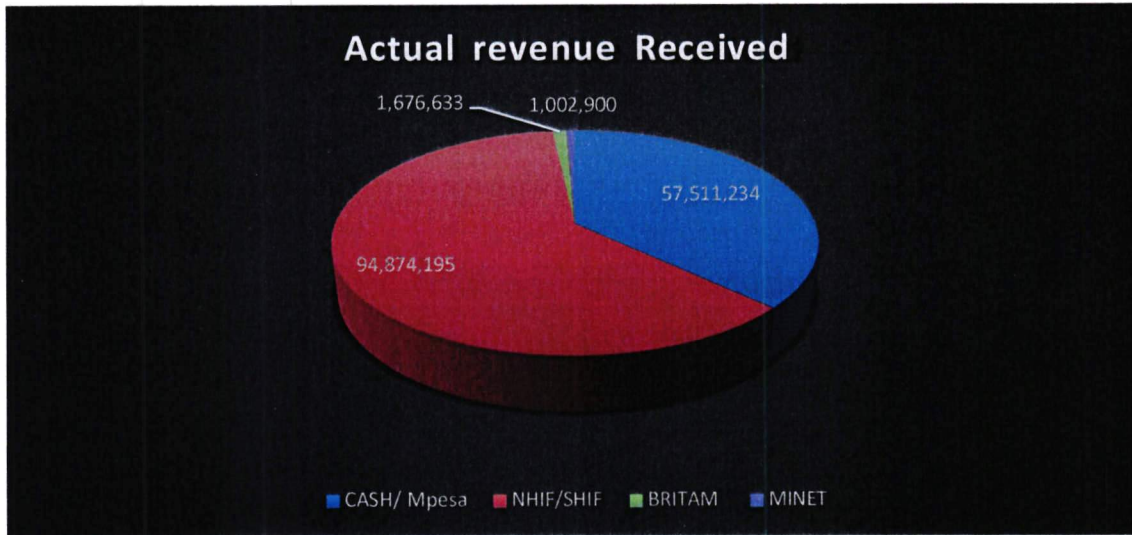
Financial performance that includes: -

The total revenue generated in provision of health services in financial year 2024-25 was **Ksh 219,850,537.55** this includes waivers Kshs 4,641,206 and exemption Kshs 9,340,083 against a projected revenue of **Ksh 195,496,601**. However, the actual revenue received by the hospital was **Ksh 155,862,932**. The outstanding claims from insurances is Kshs **64,586,377**. This revenue remained constant due to non-remittance of Insurance claims, the revenue realized by department is tabulated here in:

Output	Projected 2024-2025	Actual revenue 2024-25
Outpatient visit	1,259,801	1,564,796
Medical records	8,431,826	12,013,068
Specialized Clinics	1,229,603	2,680,593
MCH/FP Services	249,701	283,450
Dental	619,290	937,602
Ortho trauma	1,495,969	2,310,154
Orthopedic Technology	186,480	278,000
Eye department	262,815	395,100
ENT	139,650	395,501
Laboratory services	19,370,732	32,467,559
Occupational Therapy	586,740	606,400
Physiotherapy	201,810	561,700
Radiology	7,853,738	11,348,001
Theatre	10,932,075	10,469,900
Ambulance	405,825	1,206,900
Maternity	21,579,894	21,644,770
Pharmacy	32,320,409	28,157,438
Inpatient	74,751,565	71,630,196
Mortuary	5,829,495	4,521,720
Others	198,781	210,900
Medical certificate	254,940	887,500
Attachment	1,575,525	1,298,000
Annual revenue projection	181,696,812	205,869,249
Waivers Inpatient	-6,214,437	-4,641,206
Exemptions	-7,585,352	-9,340,083
	195,496,601	219,850,537.55

Revenue sources

The total revenue realised by the hospital was Kshs 219,850,537 the highest revenue generating department in the inpatient, Laboratory, Pharmacy and Maternity. There was significant improvement in laboratory revenue due to investment in reliable chemistry analyser. The actual revenue realized was ksh 155,862,932 million insurances contribution the highest revenue while Out of pocket remained relatively the same of revenue is the insurances (Nhif, Britam, Minet) followed by Cash (out of pocket). The distribution of the revenue as indicated herein; -



Utilisation of funds etc

The revenue collected is budgeted and approved for spending by the hospital Board subject to issuance of authority to incur expense by the chief officer medical services and public health. The annual budget appropriated by the Hospital Board at the beginning of the financial year was Kshs 139,675,463. The hospital received a total Aie amounting to Kshs 129,351,342 in the financial year 2024-2025 and was able to utilise kshs 123,437,448 which is 95%.

[Handwritten Signature]
.....
Name *Dr Peter Mungu*
Secretary to the Board

9. Environmental And Sustainability Reporting

Sustainability strategy and profile

Karatina sub county hospital exist to provide quality and affordable health care services to its clients, the hospital is committed towards ensuring sustainability of services delivery to it client through continuous investment in health commodities and technology. Analysis of disease partners and trend is Key in ensuring an understanding of the client needs to enable a focused investment. The hospital is completing the stalled project geared towards provision of adequate space, better working environment and expansion of range of services.

Environmental performance

The hospital has adopted green energy and is seeking to expand it to all inpatient departments for patient solar heating and lighting systems. Tree planting in the vast hospital land will be encouraged to ensure sustainability, adoption of environment friendly cooking methods is already in place and measure to sustain it in place. The hospital operated a modern medical waste incinerator with an elaborate infection prevention control policy in place.

Employee welfare

The hospital is an entity under the County Government of Nyeri- Health department, and hence the recruitment and personnel management function is handled by the County Public Service Board, the hospital however strives to offer and provide platform for capacity building of staff through continuous education, sponsorship of conferences and seminars.

The hospital conduct annual staff satisfactory survey geared at getting the views on areas on improvement to better the working environment, team building activities are also conducted to enhance the cohesiveness and team spirit of staff members.

Marketplace practices-

As a government entity the hospital is guided by accessible and affordable principles, in setting our user fees and charges a minimal margin (10%) is added to only consumable items such as medicines and non-pharmaceuticals. This seeks to guarantee the hospital is able to reinvest in the commodities to mitigate incidences of stock out.

a) Responsible competition practice.

Hospital charges are set through the Finance bill by Finance department that undergoes a process of public participation aimed at allowing clients an opportunity to understand and participate in setting prices for the services they consume. The hospital being the only Level IV Government health facility in the Sub County sets the prices below the market price and only seeks a sales margin on direct consumables. This is geared towards guarantee access to services by all citizens.

b) Responsible Supply chain and supplier relations

The hospital suppliers are prequalified by the County Government through a biannual tender thus promoting competition and fairness, the hospital strives to ensure that prequalified suppliers are given

opportunities to participate in the tendering process. It is the hospital general practice to pay suppliers within the reasonable credit period applicable to the market upon delivery and invoicing, payment are done based on ageing analysis and the old bills are cleared first. The hospital credit period average below 45 days and the management is keen on bringing it down to an average of 30 days.

c) Responsible marketing and advertisement

The hospital being a government owned facility does not engage in active marketing and advertisement of its services, however to ensure that clients are well informed of the location and services offered at the hospital, strategic sign post and services charters are placed on key areas. The services are costed are provided the expected timelines for their delivery

d) Product stewardship

In the provision of Health services, the hospital applies quality standards and guidelines issued from time to time, the hospital has quality improvement Team (QIT) that checks on quality of health services offered to our clients through periodic audits that is shared with the management. The hospital is also inspecting good and services by supplies to ensure quality of supplies, the main suppliers are KEMSA and MEDs who have an elaborate quality control check that can be relied upon.

Corporate Social Responsibility / Community Engagements

The hospital periodically engages the community in effort to get views on their perception on services offered to them, during health days' celebration and nurses week the hospital participates in corporate social responsibilities and medical camps.

10. Report of The Board of Management

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

Principal activities

The principal activities of the entity are provision of quality health services namely;

- Preventive health services which include immunisation, vaccination and public health.
- Promotive health service health education.
- Curative health services i.e. outpatient and inpatient services,
- Rehabilitative health services which include psychiatric, occupation therapy, physiotherapy, surgeries, orthopaedic.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 4.

Board of Management


The members of the Board who served during the year under review are shown on page VI to VII of this statement. During the year, Dr Benson Ngari the hospital medical superintendent was transferred and Dr Peter Mwangi was posted as the MedSupt and secretary to the Board.

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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 Peter Munyua

Secretary to the Board

11. Statement of Board of Management’s Responsibilities

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


The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30th 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 and. The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended 30th June 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.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern and nothing has come to the attention of the Board of management to indicate that the entity 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 11th November 2025 and signed on its behalf by:


.....
Name: *Dr. Francis Kinigui*
Chairperson
Board of Management


.....
Name: *Dr. Peter Mung'ara*
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KARATINA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYERI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karatina Sub-County Hospital County Government of Nyeri set out on pages 1 to 28, 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 year then ended 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, Cap 412B. 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 Karatina Sub-County Hospital-County Government of Nyeri 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 Public Finance Management Act, 2012, the the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position and Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.10,140,236 which, includes ICT equipment, plant and medical equipment that were acquired in the year under review. In addition, the Hospital was noted to be owning various assets of undetermined value which include land and buildings, specialized and non-specialized medical equipment, furniture and fittings, motor vehicles, ICT equipment and intangible assets. However, the ownership documents for land and motor vehicles were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.10,140,236 could not be confirmed.

2. Unsupported Depreciation and Amortization

the statement of financial performance reflects depreciation and amortization balance of Kshs.2,071,537 for the year ended 30 June, 2025 and as disclosed in Note 10 to the financial statements. However, this significant accounting charge lacks a foundational basis for its calculation, as the entity has not developed or formally adopted a documented depreciation policy. This omission means that the methods (e.g., straight-line or reducing balance), useful lives assigned to different asset classes, and residual values (if any) are not defined, approved, or disclosed.

In the circumstance, the accuracy and completeness of depreciation and amortization balance of Kshs.2,071,537 could not be confirmed.

3. Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.64,586,377 as disclosed in Note 15 to the financial statements. However,

a receivables debt amounting to Kshs.25,214,422 which relates to defunct National Health Insurance Fund (NHIF) has been outstanding for more than two years.

In the circumstances, the validity, accuracy and completeness of the long outstanding receivables amount of Kshs.25,214,422 for could not be confirmed.

4. Misclassification of Medical/Clinical Expenses- Qualifying

The statement of financial performance reflects medicals and clinicals costs expenses balance of Kshs.92,054,357 as disclosed in Note 7 of the financial statement. Included in this amount is of balance of Ksh.29,533,994, which was misclassified as shown below.

Classification as per Financial Statements	Correct Classification	Amount (Kshs.)
Medical Drugs- Emergency Drugs	Grants and Subsidies	14,689,097
Dressings and Other Non-Pharmaceutical	Grants and Subsidies	10,919,704
Laboratory Materials, Supplies	Grants and Subsidies	3,925,193
Total		29,533,944

In the circumstances, accuracy and completeness of medical drugs balance of Kshs.92,054,356 could not be confirmed.

5. Unsupported Rendering of Services - Medical Service Income- Qualifying

The statement of financial performance reflects rendering of services – medical service income balance of 219,850,738 for the year ended 30 June, 2025 and as disclosed in Note 6 to the financial statements. However, exemption's balance of Kshs.9,340,083 was not supported by schedules.

In the circumstances, the accuracy and completeness of medical services income of Kshs.219,850,537 could not be confirmed.

6. Actual-Rendering Services - Medical Service Income

The statement of the financial performance reflects revenue from exchange transactions on rendering of service-medical service income of Kshs.219,850,538 as disclosed in Note 6 to the financial statements. Included in the balance is Mpesa/Cheque collection of Kshs.58,173,662. However, the revenue was recognized based on revenue collected and banked instead of number of patients registered and invoiced per services given during the 2024/2025 financial year. This is contrary to Paragraph 21 of International Public Sector Accounting Standard (ISPSAS) Number nine (9) which provides that revenue is recognized when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. Further, the computation method for the invoiced amount was not disclosed or provided for audit confirmation.

In the circumstance, the accuracy and validity of the rendering services balance of Kshs.58,173,662 for the year ended 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 the Karatina Sub-County Hospital County Government of Nyeri Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.234,430,598 and Kshs.120,949,635 resulting in under-funding of Kshs.113,480,963 or 48% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the basis for Qualified Opinion, I have determined that there were no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, 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 Assembly in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unsupported Property, Plant and Equipment.
2	2023/2024	Employees on Long Periods of Casual Employment
3	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
4	2023/2024	Incomplete Imprest Register

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, Governance Statement, Foreword by the Board of Management, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Employees on Long Periods of Casual Employment

The statement of financial performance and Note 9 to the financial statements reflects a balance of Kshs.4,657,612 relating to employee costs. These amounts were in respect of casual salaries, wages and allowances to twenty-one (21) casuals. A review of the Muster roll and payment details revealed that the casuals had been engaged continuously for more than twelve (12) months without a formal contract of service contrary to Section 37 of Employment Act.

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

2. Non-Compliance with Law and Effectiveness of Upgrade of Hospitals

Review of the Hospital records and interview with management on services offered, equipment used and medical specialists in the Hospital, show that the hospital did not

meet the requirements of Kenya Quality Model for Health Policy Guideline due to technical staff deficits. Further, the Hospital lacked the optimal equipment and machines outlined in the Health Policy Guidelines as detailed below.

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage Variance %
Medical Officers	16	8	8	50%
Anesthesiologists	2	1	1	50%
General Surgeons	2	1	1	50%
Pediatrics	2	1	1	50%
Radiologists	2	0	2	100%
General Clinical Officers	30	13	17	56%
Functional Intensive Care Unit	6	0	6	100%
High Dependent Unit Beds	6	0	6	100%
Total	66	24	42	64%

In the circumstances, the Hospital lacked optimal technical staff and equipment's to deliver expected optimal services to the public.

3. Improper Management of Travel Expenses

Note 13 to the financial statements reflects use of goods - general expenses amount of Kshs.46,368,420. Included in this amount is accommodation-Domestic travel, daily subsistence allowances and travel allowances of Kshs.1,175,200, Kshs.1,519,100 and Kshs.1,266,700 totalling Kshs.3,961,00 respectively issued to various officers to perform official duties. However, the following weaknesses were noted in the Management of travel expenses:

- i. Officers were paid per diems and travel allowances directly to their bank accounts without the use of imprest warrants which contradicts Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.
- ii. Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 requires a holder of a temporary imprest to account or surrender the imprest within 7 working days after returning to duty station. However, a review of the surrender documents revealed that officers' expenses the imprest directly.
- iii. Section 6.5.2 of the National Treasury Accounting and Financial Reporting Manual for County Governments requires that staff to use an imprest surrender form (F022) for travel and accommodation which shall form the basis of posting the

specific expenditure category to the general ledger. However, surrender documents provided for audit were not supported by way of financial order Form 22.

- iv. The Management did not maintain individual imprest ledgers, imprest register and memorandum cash books.

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure To Provide Internal Audit Report.

The Hospital Management indicated to the audit team that the internal audit function is carried out by the Nyeri County Executive internal audit department. However, it did not provide internal audit reports from the for the audit review. This is contrary to Regulation 167 of the Public Finance Management (County Government) Regulations, 2015. It was not clear who carries the financial oversight role Hospital.

In the circumstance, the effectiveness of internal controls, risk control and governance system in place 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 November, 2025

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	30TH JUNE 25	30TH JUNE 24
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government (Grants and Subsidies)	5	38,913,663	50,541,119
Total		38,913,663	50,541,119
Revenue from exchange transactions			
Rendering of services- Medical Service Income	6	219,850,537	160,217,262
Revenue from exchange transactions		219,850,537	160,217,262
Total revenue		258,764,200	210,758,381
Expenses			
Medical/Clinical costs	7	62,520,362	93,031,456
Employee costs	8	4,614,169	4,657,612
Board of Management Expenses	9	593,400	516,225
Depreciation and amortization expense	10	2,071,537	1,510,332
Repairs and maintenance	11	4,354,367	4,510,083
Grants and subsidies	12	87,808,248	-
General expenses	13	46,368,419	40,352,484
Total expenses		208,330,503	144,578,192
Net Surplus / (Deficit) for the year		50,433,697	66,180,189

(The notes set out on pages 6 to 28 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 11th November 2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 17559



Medical Superintendent

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	30TH JUNE 25	30TH JUNE 24
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	16,938,549	19,366,127
Receivables from exchange transactions	15	64,586,377	32,203,810
Inventories	16	27,260,280	39,758,017
Total Current Assets		108,785,206	91,327,954
Non-current assets			
Property, plant, and equipment	17	10,140,236	9,014,237
Intangible assets	18	470,000	-
Total Non-current Assets		10,610,236	-
Total assets		119,395,442	100,342,191
Liabilities			
Current liabilities			
Trade and other payables	19	2,781,556	1,425,619
Total Current Liabilities		2,781,556	1,425,619
Total Liabilities		2,781,556	1,425,619
Net assets		116,613,886	98,916,572
Revaluation reserve		-	-
Accumulated surplus/Deficit		141,152,205	90,718,508
Capital Fund		(24,538,319)	8,198,064
		116,613,886	98,916,572
Total Net Assets and Liabilities		116,613,886	98,916,572

(The notes on pages 6 to 28 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 11th November 2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:17559



Medical Superintendent

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2024	-			-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	66,180,190	-	66,180,190
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	66,180,190	-	66,180,190
At July 1, 2024	-	66,180,190	-	66,180,189
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	50,433,797	-	50,433,797
Capital/Development grants	-	-	-	-
At June 30, 2025	-	116,613,887	-	116,613,887

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	30 TH JUNE 2025	30 TH JUNE 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income	6	120,949,635	122,799,161
Total Receipts		120,949,635	122,799,161
Payments			
Medical/Clinical costs	7	62,933,480	52,294,008
Employee costs	8	4,614,169	4,657,612
Board of Management Expenses	9	593,400	516,225
Repairs and maintenance	11	4,644,367	4,321,583
General expenses	13	46,984,476	43,719,469
Total Payments		119,769,894	105,508,897
Net cash flows from operating activities		1,179,741	17,290,264
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		(3,667,555)	(1,647,930.00)
Untransferred amount from the Nhif		-	54,550.00
Erroneous debit in the bank		60,300	-
Net cash flows used in investing activities		(3,607,255)	(1,593,380.00)
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(2,427,514)	15,696,884
Cash and cash equivalents as at 1 July 2024	14	19,366,127	3,669,179
Cash and cash equivalents as at 30 June 2025	14	16,938,550	19,366,127

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



Chairman
Board of Management



Head of Finance
ICPAK No:17559



Medical Superintendent

Karatina Sub County Hospital (County Government of Nyeri)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

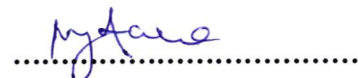
Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Rendering of services- Medical Service Income	139,675,463	-	139,675,463	120,949,634	18,725,829	87%
Total income	139,675,463	-	139,675,463	120,949,634	18,725,829	87%
Expenses						
Medical/Clinical costs	66,648,101	-	66,648,101	62,933,481	3,714,620	94%
Employee costs	4,891,198	-	4,891,198	4,614,169	277,029	94%
Board of Management Expenses	735,000	-	735,000	593,400	141,600	81%
Repairs and maintenance	5,500,000	-	5,500,000	4,644,367	855,633	84%
General expenses	50,301,164	-	50,301,164	46,984,475	3,316,689	93%
Total expenditure	128,075,463	-	128,075,463	119,769,892	8,305,571	94%
Surplus for the period	-	-	-	-	-	
Capital expenditure	11,600,000	-	11,600,000	3,667,555	7,932,445	32%
Reconciliation						
Surplus as per performance				50,433,697		
Less Receivables						
Add back depreciation						
Surplus for the period				50,433,697		



**Chairman
Board of Management**



**Head of Finance
ICPAK No:17559**



Medical Superintendent

18. Notes to the Financial Statements

1. General Information

Karatina Hospital is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Nyeri County Government and is domiciled in Nyeri County in Kenya. The entity's principal activity is provision of health care.

2. Statement of Compliance and Basis of Preparation

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

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

The 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 hospital.

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **July 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

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.

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.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized 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 hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

d. 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 hospital.

e. Provisions

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

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

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

Notes to the Financial Statements (Continued)

f. Changes in accounting policies and estimates

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

g. Related parties

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

h. Service concession arrangements

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

i. 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.

j. Comparative figures

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

k. 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.

3. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the 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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes to Financial Statements Continued

5. In Kind Contributions (Grants and Subsidies)

Description	30th June25	30th June24
	KShs	KShs
County government of Nyeri	23,945,241	8,546,048
County stores	3,126,400	-
Gok/Moh	128,764	34,175,034
Other facilities	2,675,112	-
Uhc /Moh	9,549	5,223,388
UNFPA	172,331	131,712
Global fund	3,114,462	160,000
Amref	5,741,804	2,304,937
Total grants in kind	38,913,663	50,541,119

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

6. Rendering of Services-Medical Service Income

Description	30th June25	30th June24
	Kshs	Kshs
Mpesa /Cheque collection	58,173,662	-
Nhif	33,360,870	-
MAKL	2,107,714	-
Britam	1,891,268	-
Shif	110,335,735	-
Waivers	4,641,206	-
Exemptions	9,340,083	-
Total revenue from the rendering of services	219,850,538	160,217,262

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

Karatina Sub County Hospital (County Government of Nyeri)
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Notes to the Financial Statements (Continued)

7. Medical/ Clinical Costs

Description	30th June 25	30th June 24
	Kshs	Kshs
Specialised materials	2,586,466	1,344,381
Laboratory chemicals and reagents	10,499,918	14,820,693
Purchase of milk	742,750	401,444
Food ration	19,085,095	17,949,195
Uniform, clothing - Staff	88,000	-
Uniform, clothing, and linen	560,974	902,570
Dressing and Non-Pharmaceuticals	9,590,357	13,449,670
Pharmaceutical supplies	15,578,607	41,974,721
Purchase of medical gases	2,305,925	535,928
X-Ray/Radiology supplies	1,446,095	1,652,854
Medical expenses	36,175	-
Total medical/ clinical costs	62,520,362	93,031,456

8. Employee Costs

Description	30th June 25	30th June 24
	Kshs	Kshs
Casual Salaries, wages, and allowances	4,614,169	4,657,612
Employee costs	4,614,169	4,657,612

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

Notes to the Financial Statements (Continued)

9. Board of Management Expenses

Description	30th June 25	30th June 24
	Kshs	Kshs
Sitting allowance	593,400	516,225
Total	593,400	516,225

10. Depreciation and Amortization Expense

Description	30th June 25	30th June 24
	Kshs	Kshs
Property, plant and equipment	2,071,557	1,510,332
Intangible assets	0	0
Total depreciation and amortization	2,071,557	1,510,332

Note: This amount is in the statement of performance but not in the cash flow statement since it doesn't involve actual cash outflow. The hospital used the national treasury guideline on asset and liability management.

11. Repairs And Maintenance

Description	30th June 25	30th June 24
	Kshs	Kshs
Property- Buildings	890,590	2,390,446
Plant, machinery and equipment	1,131,695	0
Medical equipment	1,150,000	748,607
Maintenance of civil works	-	291,200
Office Furniture and equipment	132,550	180,200
Computers and accessories	253,814	64,500
Motor vehicle expenses	795,718	835,130
Total repairs and maintenance	4,354,367	4,510,083

Note: Amount in the cash flow statement include Kshs 413,119 which was paid but was not incurred in the year under consideration.

Notes to the Financial Statements (Continued)

12. Grants And Subsidies

Description	30th June 25	30th June 24
	Kshs	Kshs
3% Donation to the administration of the kit	3,740,710	-
20% Donation to the rural facilities	31,172,586	
Waivers	4,641,206	
Exemptions	9,340,083	-
Donation in kind	38,913,663	
Total grants and subsidies	87,808,248	-

Note: This amount is in the statement of the performance but not in the cash flow since the amount didn't pass through our expenditure account.

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

13. General Expenses

Description	30th June 25	30th June 24
	Kshs	Kshs
Electricity	8,329,944	10,859,117
Water and sewerage charges	5,670,921	3,535,823
Telephone, Telex, Facsimile and Mobile Phone Services	561,200	343,533
Internet Connctions	85,000	-
Courier and postal services	9,650	-
Accommodation - Domestic Travel	1,175,200	1,231,480
Daily Subsistence Allowance	1,519,100	938,390
Foreign Travel and Subs	1,172,641	-
Publishing and Printing Services	2,488,334	2,474,100
Travel Allowance	1,266,700	1,321,480
Training expenses	594,380	-
Catering Services (receptions), Accommodation, Gifts,	527,372	681,729
Advertising Expenses	-	436,700
Agriculture materials, Supplies and smal	50,020	-
Fungicides, Insecticides and Sprays	51,450	6,250
General Office Supplies (papers, pencils, forms,	2,268,710	1,074,891
Supplies and Accessories for Computers and Printers	610,870	211,160

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Sanitary and Cleaning Materials, Supplies and Services	982,550	625,800
Bank services commission and charges	35,929	59,930
Refined Fuels and Lubricants for Transport	2,500,000	2,002,500
Other Fuels (wood, charcoal, cooking gas etc...)	2,470,000	2,160,000
Contracted Guards and Cleaning Services	12,203,868	11,599,260
Membership fees dues and subscription	753,351	371,598
Purchase of Workshop tools, spares and Small	89,820	-
Engineering design	-	152,000
Purchase of Household	867,120	139,143
Purchase of Lighting Equipment	84,290	127,600
Total General Expenses	46,368,419	40,352,484

Note: Amount in the cash flow statement exclude Kshs 106,444 which is part of the expenses incurred during the year under consideration but was not paid (Payable c/f).

14. Cash and Cash Equivalents

Description	30th June 25	30th June 24
	KShs	KShs
Current accounts	16,938,550	19,366,127
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	16,938,550	19,366,127

Detailed Analysis of Cash and Cash Equivalents

Description		30th June 25	30th June 24
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1175367230	16,938,550	19,366,127.00
Sub- total		16,938,550	19,366,127.00
Grand total		16,938,550	19,366,127.00

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

15. Receivables from Exchange Transactions

Description	30th June 25	30th June 24
	KShs	KShs
Nhif	25,214,422	30,383,604
Shif	38,188,106	-
Britam	214,635	1,083,295
Minet	969,214	736,911
Total receivables	64,586,377	32,203,810

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

Analysis of Receivables from Exchange Transactions

Description	30th June 24		FY 2023/2024	
	Kshs		Kshs	
	Current 30th June 25	% of the total	Comparative 1	% of the total
Less than 1 year	39,371,955	61%	25,862,845	100%
Between 1- 2 years	25,214,422	39%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	64,586,377	%	25,862,845	%

Karatina Sub County Hospital (County Government of Nyeri)
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(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

16. Inventories

Description	30th June 25	30th June 24
	KShs	KShs
Pharmaceutical supplies	12,316,358	15,087,720
Non pharmaceuticals	6,937,268	17,694,115
Laboratory	4,405,111	4,750,201
Maintenance supplies	806,634	399,107
Food supplies	414,620	219,240
Xray materials	48,504	223,992
Specialised material	160,499	245,725
Cleaning materials supplies	783,854	122,776
Publishing and printing	900,100	523,795
General supplies	487,332	491,346
Total	27,260,280	39,758,017

*Karatina Sub County Hospital (County Government of Nyeri)
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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2023							-	-
Additions	-	-	-	-	-	0	-	-
Disposals								-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	57,313	623,365	8,333,560	-	9,014,238
At 1 July 2024	-	-	-	57,313	623,365	8,333,560	-	9,014,238
Additions	-	-	-	699,120	1,993,450	504,985	-	3,197,555
Disposals								-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	756,433	2,616,815	8,838,545	-	12,211,793
Depreciation and impairment		0.1	0.25	0.125	0.3333	0.125		1
At 1 July 2024		-	-	94,554	872,184	1,104,818		2,071,557
Depreciation for the year		-	-					-
Disposals								-
Impairment								-
At 30 June 2025	-	-	-	94,554	872,184	1,104,818		2,071,557
At July 2025	-	-	-	94,554	872,184	1,104,818	-	2,071,557
Depreciation		-	-					-
Disposals								-
Impairment								-
Transfer/adjustment		-	-	-	-	-		-
At 30th June 2025		-	-	94,554	872,184	1,104,818		2,071,557
Net book values								
At 30 th Jun 2024	-	-	-	37,241	248,819	7,228,742	-	6,942,681
At 30 th Jun 2025	-	-	-	661,879	1,744,631	7,733,727	-	10,140,236

18. Intangible Assets-Software

Description	FY 2024/2025	FY 2021/2022
Cost		
At beginning of the year	-	
Additions	470,000	-
Additions–Internal development	-	-
Disposal		
At end of the year	470,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	470,000	-

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

19. Trade and other Payables

Description	30th June 25		FY 2023/2024	
	KShs		KShs	
Electricity	29,944		1,425,619	
GOS	76,500			
Donation from other facilities	2,675,112			
Total trade and other payables	2,781,556		1,425,619	
Ageing analysis:	30th June 25		FY 2023/2024	% of the total
Under one year	2,781,556	100%	1,425,619	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	2,781,556	%	1,425,619	%

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

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)
01	Unsupported Property, Plant and Equipment	The hospital in consultation with the County government of Nyeri Department of Physical planning is seeking to undertake valuation, ownership document the enable accurate reporting i.e. land, and motor vehicle	Not resolved	FY 25/26
2.1	Variances between the statement of financial performance and statement of Budget and actual amounts	The reconciliation has been done	Resolved	Done
2.2	Inaccuracies in the Comparative amount of accumulated surplus	The reconciliation has been done	Resolved	Done
	Non disclosers Unresolved Prior Year Audit Matter	Prior Year (Fy 2022-23) have since updated in the appendix to the amended financial statement.	Resolved	Done
	Employees on Long Periods of Casual Employment	The Management has brought the matter to attention of the County public service board(CPSB) and recruitment on the critical areas is being implemented	Not fully resolved	FY 2025/26

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)
	Deficiencies in Implementation of Universal Health Coverage (UHC)	The Matter was brought to the County is progressively recruiting and training the required specialist to bridge the gap.	Work in progress	FY 2025/26
	Incomplete Imprest Register	Imprest register updated	Resolved	Done
	Expired Drugs.	The management has improved on accurate quantification of Medical products and is seeking approval to disposed expired drugs	Partially resolved	Done

Guidance Notes:

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



Accounting Office

