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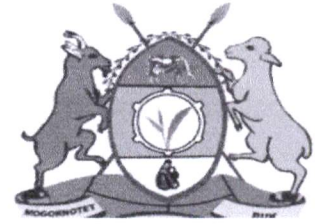
KIPKELION LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KERICHO

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**KIPKELION Level 4 HOSPITAL
(County Government Kericho)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025.

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Kipkelion Sub-County Hospital is a Level 4 public health facility located in Kipkelion west Constituency, within Kericho County, Kenya. It serves as a major referral and primary care facility for residents across Kipkelion East and Kipkelion West sub-counties, and parts of neighboring constituencies. The hospital operates under the administration of the County Government of Kericho and the Ministry of Health, in line with the Kenya Health Sector Strategic Plan and the Kenya Vision 2030 framework.

Established in the early 1980s, Kipkelion Sub-County Hospital has steadily expanded its service capacity, infrastructure, and workforce to meet the growing healthcare needs of the local population. The hospital plays a critical role in the delivery of essential healthcare services, including outpatient and inpatient care, maternal and child health, laboratory and diagnostic services, minor and major surgeries, HIV care and treatment, and disease prevention and health promotion programs.

Mandate and Core Functions

Kipkelion Sub-County Hospital is mandated to:

- Provide accessible, affordable, and quality healthcare services to the people of Kipkelion and its environs.
- Implement county and national public health programs.
- Serve as a training and mentorship center for health professionals and interns.
- Collect, analyze, and report health data to support evidence-based decision-making.
- Collaborate with partners and stakeholders to enhance health service delivery.

Governance and Management Structure

The hospital is managed by a multidisciplinary Health Management Team (HMT) led by the senior clinical officer. Other key members include the Nursing Services Manager, Hospital Administrator, Finance Officer, Clinical Services Lead, and Public Health Officer. Oversight is provided by the Sub-County Health Management Team (SCHMT) and the County Department of Health, which ensures policy alignment, performance evaluation, and resource allocation.

Kipkelion Sub-County Hospital collaborates with the County Health Management Team (CHMT), development partners, community health units, and other stakeholders to ensure holistic and community-responsive healthcare service delivery.

(b) Principal Activities

The principal activity the Hospital is to provide medical services antenatal care, post-natal care, accidents and emergency response and receive patients on minor referral.

Mission

To provide the highest standard of health services by developing a health system that is technology driven, equitable, accessible and community oriented.

Vision

A healthy county population for economic development and quality life.

Core Values

Professionalism, ethics, integrity, accountability, partnership and collaboration.

Goals

Efficient and effective health service delivery.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Mr Weldon Mitei
2.	Head of finance	CPA Japhet Kipyegon keter
3.	Head of supply chain Managements	Mr Weldon ngeno-
4.	Hospital Administrator	Mr Jonah kurui-
5	Nursing Officer in charge	Mrs Martha chepkwony
6	Pharmacy in charge	Mr Bismark korir
7	Nutrition in charge	Mr Nicholas Komosi
5.	Hospital Records in charge	Mr Alfred Samoei

(e) Fiduciary Oversight Arrangement

Kipkelion Sub-County Hospital operates within a robust fiduciary framework that ensures the prudent use of public resources, compliance with financial regulations, and continuous improvement in service delivery. The hospital’s financial and operational performance is subject to multiple layers of oversight, spanning internal, county-level, and national oversight bodies. This integrated system ensures transparency, accountability, and alignment with the broader goals of public financial management and healthcare service delivery.

E.1 Internal Oversight and Controls

The hospital maintains a functional internal control system that includes:

- a) Cashless revenue collection through the Integrated Revenue Management System (IRMS).

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- b) Compliance with procurement regulations per the Public Procurement and Asset Disposal Act, 2015
- c) Monthly financial reporting, asset verification, and stores management

The Hospital Management Committee (HMC) plays a critical internal governance role, offering guidance on budgeting, procurement priorities, and community feedback on service delivery.

E.2 Clinical Research and Standards Committee

The hospital adheres to clinical quality assurance mechanisms under the guidance of the Clinical Research and Standards Committee, which ensures:

- a) Compliance with clinical protocols and patient care standards.
- b) Ethical oversight on medical research or pilot programs conducted at the hospital
- c) Integration of evidence-based medical practices into hospital service.

This committee indirectly supports financial accountability by ensuring that resources allocated to clinical care yield measurable, quality outcomes.

E.3 Audit Committee

The hospital is subject to periodic internal audits conducted by the County Internal Audit Directorate, and these reports are reviewed by the County Audit Committee. The Audit Committee provides:

- a) Independent assurance on the effectiveness of internal controls.
- b) Follow-up on implementation of audit recommendations
- c) Oversight on compliance with financial regulations and risk mitigation strategies

E.4 County Assembly Oversight

The hospital's budget and performance are embedded within the larger County Department of Health's budget, which is reviewed and approved by the Kericho County Assembly. The Assembly:

- a) Reviews annual budget estimates and supplementary allocations
- b) Assesses quarterly and annual budget implementation reports
- c) Conducts site visits and public participation hearings, particularly through its Health and Finance Committees

This ensures democratic oversight and responsiveness to local healthcare needs.

E.5 Parliamentary Oversight Committees

At the national level, the hospital's funding and use of public funds are subject to oversight by:

- a) The Public Accounts Committee (PAC) and the Senate Standing Committee on Health, especially where audit queries arise.

- b) The Controller of Budget and Office of the Auditor-General, which analyze spending trends and report to Parliament.

These entities may summon county officers or scrutinize hospital operations if flagged in audit or performance reports.

E.6 Other Oversight Mechanisms

In addition to the formal structures above, the hospital is subject to:

- a) Ethics and Anti-Corruption Commission (EACC) interventions, especially on procurement or HR irregularities
- b) Kenya Medical Practitioners and Dentists Council (KMPDC) inspections for quality assurance and licensing
- c) Public complaints and feedback mechanisms, including suggestion boxes, hotline reporting, and public barazas.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box Sub-County Hospital
P.O.Box 70-202202,kipkelion
OPP Taita Towett High school building
Kipkelion-Kaplaba Road/Highway
Kipkelion,kenya

(g) Entity Contacts

Telephone: (+254) 720 585 246
E-mail: Kipkelionhospital.go.ke
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Banks
Account Number:1153321130
Account Number:1337018058
Kericho branch

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084

GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

(k) County Attorney






P.O. Box.112,20202
kericho, Kenya

3. The Board of Management




Ref	Directors	Details
1.	The Hospital currently have a board of management.	The county executive committee member of health services established the board of management.

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4. Key Management Team

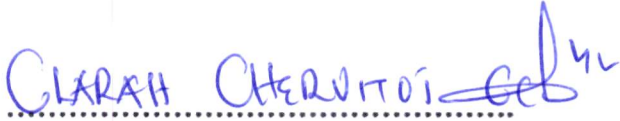
Ref	management	Passport size photo	Professional qualification	Academic qualifications	Details
1.	Mr Weldon mitei		Clinical council of kenya	Diploma in clinical medicine and surgery/senior management course	Authority to incur expenditure/medical superintendent
2.	Mr Jonah kurui		Kenya association of health administrators	Degree in economics/senior management course	Health administrator
3.	CPA Japhet kipyegon keter		Certified public accountant	Certified public accountant icpa-k	accountant
4.	Mrs Martha chepkwony		Nursing council of kenya	Diploma in nursing	Nursing officer in charge.
5.	Mr Weldon ngeno		Kenya institute of supplies management (kism)	Degree in supply chain management	Procurement i/c

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6.	Mr Bismark korir		Pharmacy poisons boards	Diploma in pharmaceutical technologist/senior management course	Pharmacy i/c
7.	Mr nicholas komosi		Kenya nutrition and dietetics board	Diploma in nutrition and dietetics	Nutrition i/c
8.	Mr Alfred samoei		Health records information managers board	Diploma in health records and information management system	

5. Chairman's Statement

The Hospital Management Board has been constituted during the year as required by section 9(1) of the Kericho County Health Services Act, 2021. Consequently, there was no report of the Chairman to the Committee.


.....

Name

Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present the Medical Superintendent's report for Kipkelion Sub-County Hospital for the financial year 2024/2025. This report highlights key achievements, service delivery performance, challenges encountered, and strategic priorities for the coming year.

1. Overview of Service Delivery

During the FY 2024/25, Kipkelion Sub-County Hospital continued to provide essential health services to the growing population in Kipkelion and surrounding areas. The hospital recorded significant improvements in service utilization, infrastructure development, and health outcomes, despite facing resource and staffing constraints.

Key service statistics:

- Outpatient visits: 11,354
- Inpatient admissions: 300
- Deliveries conducted: 900
- Major surgeries performed:
- Immunization coverage:
- HIV care and treatment (active clients):

These indicators reflect the hospital's ongoing commitment to quality care, accessibility, and equity in health service provision

2. Human Resource for Health

We made progress in recruiting and retaining skilled personnel, although gaps still remain, particularly in specialized areas such as anesthesia, radiology, and critical care nursing.

3. Financial Performance and Resource Mobilization

The hospital operated within the allocated budget and adhered to financial management guidelines. We also leveraged partnerships with non-governmental organizations, community-based groups, and the county government to mobilize resources for various programs.

4. Challenges Faced

Despite the progress made, the hospital encountered several challenges, including:

- Inadequate funding for specialized services and equipment maintenance.
- Persistent shortage of key health professionals.
- High patient load relative to available capacity.
- Delays in procurement of essential drugs and supplies.

5. Strategic Focus for FY 2025/2026

Moving forward, our key priorities include:

- Strengthening maternal and newborn health services.
- Expanding laboratory and diagnostic services.
- Enhancing staff training and retention.
- Improving hospital waste management systems.
- Strengthening data use for decision-making through DHIS2 and EMR systems.

6. Appreciation

I extend my sincere appreciation to the County Government of Kericho, the Ministry of Health, our dedicated hospital staff, community health volunteers, development partners, and the community at large for their unwavering support and collaboration.

Together, we shall continue working towards achieving Universal Health Coverage and ensuring that Kipkelion Sub-County Hospital remains a beacon of quality healthcare in the region.

DR WELDON MITEI 
SENIOR CLINICAL OFFICER IN CHARGE
Kipkelion Sub-County Hospital

7: Statement of Performance Against Predetermined Objectives

Kipkelion Sub-County Hospital operates under a structured Strategic Plan covering the period FY 2021/2022 – FY 2025/2026, which guides the hospital's service delivery, resource utilization, and institutional development. The Strategic Plan is anchored on three strategic pillars, each designed to address specific healthcare delivery priorities and institutional challenges. These pillars are:

- Strategic Pillar 1: Provision of Quality and Affordable Healthcare Services
- Strategic Pillar 2: Strengthening of Health Systems and Infrastructure
- Strategic Pillar 3: Promotion of Community Health and Partnerships

The Hospital prepares its Annual Work Plans and budgets in alignment with the objectives and initiatives under these three pillars. The implementation of the Annual Work Plan is monitored on a quarterly basis through structured performance reviews, which assess progress against key indicators and targets.

During the Financial Year 2024/2025, Kipkelion Sub-County Hospital achieved significant milestones across its strategic pillars:

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Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators (KPIs)	Activities	Achievements
1. Access to Quality Health Services	Improve outpatient and inpatient service delivery	OPD attendance (monthly) - Inpatient admissions (monthly)	Routine outpatient & inpatient care - Emergency services - Referral coordination	OPD: 946/month vs target 1000 Inpatient: 25/month vs target 100
2. Maternal, Neonatal & Child Health	Enhance access to MNCH services	Monthly deliveries - ANC 4th visit completion - PNC visits	Maternity services - ANC/PNC clinics - Community outreach	100 deliveries vs 120 ANC coverage: 75% vs 80% PNC visits: 500
3. Health Systems Financing	Increase revenue from insurance and user fees	Total revenue collected - NHIF remittances	Claims processing & reconciliation - Mobilizing for SHA, NHIF, AON - Improved billing systems	Total revenue: Kshs. 8,404,174 M vs target 10M SHA:
4. Diagnostic and Clinical Capacity	Strengthen surgical, lab, and imaging services	Theatre and lab functionality - Imaging unit completion rate	Construction of theatre and lab - Procurement plans for equipment - Imaging unit construction	Theatre & surgical wards complete but unequipped Imaging unit: Ongoing
5. Infrastructure & Utilities	Improve physical facilities and utilities	Completion of key projects (theatre, x-rays unit, borehole drilling and equipping and stores)	Theatre and x-rays is complete await equipping. borehole is fully functional	Store is in work in progress.
6. Human Resources for Health	Increase staff establishment and retention	% of staff vs approved establishment (106)	Requests for deployment - Internal redistribution - CHMT engagement	47 staff vs 106 approved posts (44%)
7. Public Health & Sanitation	Ensure safe waste disposal and cleanliness	Functional waste system - Cleanliness rating	Burning chamber operational - Cleaning supplies procurement	Waste system functional Cleaning improved with grass cutter and materials

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8. Community Health Engagement	Strengthen community-level health awareness	Community outreach sessions conducted - Referrals to facility	Health talks - Use of CHVs - Engagement through CCC, FP, ANC/PNC programs	Regular outreach conducted CHV support maintained
9. Emergency Preparedness	Improve emergency response capacity	- Functional ambulance services - Response time improvement	- Maintenance of ambulance - Staff emergency response drills	Fully operational ambulance Referral time reduced

7.1 Performance Overview

- a) Achieved or exceeded targets in revenue generation, outpatient services, sanitation, and waste management.
- b) Partially achieved in maternal health, inpatient admissions, and infrastructure projects, due to space, staffing, and community-level factors.
- c) Not achieved for staffing adequacy and completion of the imaging unit, which remain critical priorities for FY 2025/2026.

8 Corporate Governance Statement

Kipkelion Sub-County Hospital upholds high standards of corporate governance in its operations, ensuring accountability, transparency, and integrity in the delivery of public health services. Good governance practices form the foundation for effective management, service delivery, and public trust.

1. Governance Structure

The hospital operates under the devolved health system and is governed by the County Government of Kericho through the County Department of Health. The governance and oversight structure includes:

- Medical Superintendent – Responsible for overall management and clinical leadership.
- Hospital Management Team (HMT) – Comprises key departmental heads including nursing services, finance, clinical services, pharmacy, human resources, and public health.
- Sub-County Health Management Team (SCHMT) – Provides oversight, monitoring, and support supervision.
- County Health Management Team (CHMT) – Ensures alignment with county policies and strategic priorities.
- Health Facility Management Committee (HFMC) – Represents community interests and promotes participatory governance and accountability.

2. Roles and Responsibilities

- Strategic Planning & Oversight: The HMT is responsible for implementing strategic objectives and ensuring alignment with both county and national health policies.
- Financial Accountability: The hospital maintains financial discipline through adherence to the Public Finance Management Act (PFMA), procurement regulations, and internal audit controls.
- Risk Management & Compliance: The facility applies risk mitigation strategies in clinical, operational, and financial areas. Compliance with legal and regulatory frameworks is regularly reviewed by the SCHMT and county health office.
- Community Engagement: The HFMC plays a vital role in decision-making by voicing community health priorities and overseeing the use of hospital improvement funds (HIF).

3. Ethical Standards and Integrity

The hospital promotes a culture of integrity, professionalism, and ethical conduct among staff. All employees are guided by the Public Officers Ethics Act, 2003, and adhere to the Ministry of Health's Code of Conduct and Ethics. Reporting and whistleblowing mechanisms are in place to address misconduct or malpractice.

4. Performance Monitoring and Evaluation

Kipkelion Sub-County Hospital has established mechanisms for monitoring and evaluating service delivery and performance indicators, including:

- Regular departmental performance reviews.

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- Data reporting through DHIS2 and the Electronic Medical Records (EMR) system.
- Internal audits and quarterly supervisory visits from the SCHMT.

5. Transparency and Public Accountability

The hospital is committed to open communication with stakeholders. Annual operational plans (AOPs), budgets, and financial reports are developed through participatory approaches and shared with relevant oversight bodies. Community feedback mechanisms, such as suggestion boxes and health barazas, are used to promote responsiveness and trust.

Conclusion

Kipkelion Sub-County Hospital remains committed to strengthening its corporate governance structures and practices to ensure efficient, equitable, and people-centered service delivery. We recognize that strong governance is critical in driving continuous improvement, enhancing accountability, and building resilient health systems.

9. Management Discussion and Analysis

9.1 Clinical and Operational Performance

Kipkelion Sub-County Hospital made significant strides in clinical service delivery during the 2024/2025 financial year, despite operational challenges such as staffing shortages and infrastructure limitations.

Key Clinical Indicators

Indicator	Value
Bed Capacity	26 beds
Outpatient Attendance	11,354 patients
Inpatient Attendance	300 patients
Accident & Emergency Cases	220 patients
Average Length of Stay	2 days
Bed Occupancy Rate	69.4%
Mortality Rate	

9.2 Financial Performance

The hospital recorded a budget of Kshs. 9,028,714 in the FY 2024/2025. This reflects prudent resource management and an uptick in revenue collection across multiple channels.

9.3.1 Revenue Performance

During the financial year under review, Kipkelion Sub-County Hospital generated a total revenue of Kshs. 9,072,072. The hospital's funding model is anchored on a mix of statutory health reimbursements, insurance payments, and internally generated income through the Facility Improvement Fund (FIF). The overall improvement in revenue mobilization is attributed to; Enhanced claim processing efficiency for NHIF and SHA. Improved documentation and coding of services offered. Increased patient uptake due to outreach and improved service delivery. The hospital continues to prioritize strengthening its revenue management systems, expanding insurance uptake among patients, and ensuring compliance with financial accountability standards.

9.3.2 Expenditure and Fund Utilization

For the financial year ended June 30, 2025, Kipkelion Sub-County Hospital recorded total expenditures amounting to Kshs. 7,748,941. The expenditure was geared toward ensuring continued provision of quality healthcare services, infrastructure maintenance, and support operations. The hospital demonstrated steady progress in service delivery and financial accountability. The surplus generated indicates potential for reinvestment into critical areas such as: Equipping the theatre, strengthening emergency response, Improving inpatient bed occupancy through enhanced referral linkages

MR. Weldon Mitei, 
Facility In Charge - Kipkelion Sub-County Hospital
Kericho County.

10.Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Kipkelion Sub County Hospital recognizes that delivering quality healthcare goes hand-in-hand with safeguarding the environment and supporting the well-being of the community. Our sustainability strategy is embedded in our operational policies and guided by Kenya's Vision 2030, the Sustainable Development Goals (SDGs), and the Ministry of Health's Environmental and Social Safeguards Framework.

For FY 2024/2025, our focus has been on integrating environmental stewardship, energy efficiency, and community health promotion into our daily operations

Strategic Sustainability Objectives

1. Environmental Stewardship
 - Implement responsible waste management systems, including segregation of medical, hazardous, and general waste at source.
 - Maintain safe disposal practices in compliance with NEMA and Public Health guidelines.
2. Energy Efficiency and Renewable Solutions
 - Reduce reliance on grid electricity by expanding solar power installations to critical care units.
 - Conduct routine energy audits to identify and eliminate wastage.
3. Water Resource Management
 - Harvest rainwater for non-clinical uses such as cleaning and landscaping.
 - Install water-efficient fixtures to minimize wastage.
4. Sustainable Procurement
 - Source environmentally friendly and ethically produced supplies where possible.
 - Work with local suppliers to reduce transport-related emissions and support the regional economy.
5. Community Health and Education
 - Run environmental health outreach programs in partnership with local schools and community-based organizations.
 - Promote preventive healthcare through clean water, sanitation, and hygiene (WASH) initiatives.

ii) Environmental performance

Kipkelion Sub County Hospital monitors its environmental impact through clearly defined performance indicators in waste management, energy use, water consumption, and carbon footprint. The hospital's environmental performance is reviewed annually to ensure compliance with the National Environmental Management Authority (NEMA) guidelines and the Ministry of Health's environmental health standards.

Key Environmental Performance Indicators (FY 2024/2025)

Indicator	Target FY 2024/2025	Actual Performance	Variance	Remarks
Medical waste segregation at source	≥ 90% compliance	92%	+2%	Above target due to improved staff training and monitoring
Hazardous waste safe disposal compliance	100%	100%	0%	Fully compliant with NEMA regulations
General waste recycled/reused	20%	18%	-2%	Slightly below target due to limited recycling facilities in the county
Electricity from renewable sources (solar)	15% of total consumption	14%	-1%	Near target; additional solar installation planned
Monthly electricity cost reduction	15%	18%	+3%	Savings achieved through energy-efficient lighting and equipment
Rainwater harvested for use	100,000 litres	120,000 litres	+20%	Exceeded due to above-average rainfall
Water leakage incidents	≤ 5 incidents/year	3	+2 incidents avoided	Preventive maintenance reduced leakages

iii) Employee welfare

Kipkelion Sub County Hospital recognizes that its employees are its greatest asset. The hospital is committed to providing a safe, supportive, and motivating work environment that promotes both professional development and personal well-being. Employee welfare initiatives are guided by the principles of the Public Service Commission’s Human Resource Policies, the Occupational Safety and Health Act (OSHA, 2007), and the Kenya National Patient Safety and Quality Standards.

Key Employee Welfare Initiatives (FY 2024/2025)

1. Occupational Health and Safety (OHS)
 - Conducted quarterly workplace safety inspections in line with OSHA requirements.
 - Provided personal protective equipment (PPE) to all clinical and non-clinical staff.
 - Implemented regular fire drills and emergency preparedness training.
2. Capacity Building and Training
 - Sponsored 15 staff for short professional courses in areas including infection prevention, patient safety, and leadership.
 - Held monthly Continuous Medical Education (CME) sessions to keep staff updated on latest clinical guidelines.
3. Health and Wellness Programs
 - Introduced an annual Staff Wellness Week featuring free medical check-ups, mental health awareness sessions, and nutrition talks.

- Encourages staff to do frequent exercises to improve on healthy living
- 4. Work–Life Balance
 - Developed a rotational shift policy to reduce burnout among clinical staff.
 - Instituted flexible leave arrangements to support employees with family and personal needs.

a) Market place practices-

Responsible competition practice.

Kipkelion Sub County Hospital operates within a competitive healthcare environment that includes public, private, and faith-based facilities in Kericho County and the wider Rift Valley region. The hospital is committed to maintaining high ethical standards, fair service delivery, and transparency in all marketplace interactions, in line with the Public Procurement and Asset Disposal Act, 2015, the Competition Act, 2010, and the Kenya Medical Practitioners and Dentists Council (KMPDC) guidelines.

Core Principles of Responsible Competition

1. Fair and Non-Discriminatory Service Provision
 - Ensure all patients have equal access to quality healthcare services regardless of socio-economic status, gender, religion, or ethnicity.
 - Maintain transparent service charges for non-subsidized services, displayed publicly in compliance with Ministry of Health requirements.
2. Ethical Procurement Practices
 - Adhere strictly to competitive bidding procedures for procurement of goods and services.
 - Avoid supplier favoritism and conflicts of interest by applying transparent evaluation criteria.
3. Quality-Driven Service Delivery
 - Maintain high clinical standards to ensure services compete on quality rather than on cost-cutting that compromises patient care.
 - Participate in peer review and benchmarking exercises with other county hospitals.
4. Collaboration Over Hostile Competition
 - Engage in partnerships with other healthcare providers for referrals, training, and joint outreach programs.
 - Share best practices to improve the overall health outcomes of the community rather than pursuing exclusive competitive advantage.

a) Responsible Supply chain and supplier relations

Kipkelion Sub County Hospital recognizes that a responsible supply chain is critical to delivering uninterrupted, high-quality healthcare services. The hospital's procurement and supplier management practices are guided by the Public Procurement and Asset Disposal Act, 2015, Public Finance Management Act, 2012, and relevant Ministry of Health guidelines.

Our approach ensures transparency, fairness, sustainability, and value for public funds, while also supporting local economic development in Kipkelion and Kericho County

Core Principles of Responsible Supply Chain Management

1. Transparency and Fairness
 - All suppliers are engaged through competitive bidding or framework agreements in line with legal requirements.
 - Procurement opportunities are publicly advertised, and evaluation criteria are applied consistently to all bidders.
2. Ethical Supplier Relations
 - Maintain professional, non-discriminatory interactions with suppliers.
 - Avoid conflicts of interest and ensure procurement officers adhere to a strict code of ethics.
3. Support for Local Suppliers
 - Prioritize sourcing from registered local suppliers where feasible, to reduce transport costs and promote the regional economy.
 - Engage women, youth, and persons with disabilities in line with the Access to Government Procurement Opportunities (AGPO) program.
4. Sustainability in the Supply Chain
 - Encourage suppliers to adopt environmentally responsible practices such as reduced packaging and eco-friendly materials.
 - Evaluate suppliers not only on cost and quality but also on environmental and social responsibility.

b) Responsible marketing and advertisement or Responsible engagement with citizens

Kipkelion Sub County Hospital is committed to transparent, respectful, and inclusive engagement with the citizens it serves. Our approach ensures that the community is informed, consulted, and actively involved in shaping healthcare services. This is in line with the Constitution of Kenya (2010) provisions on public participation, the Public Service (Values and Principles) Act, 2015, and Ministry of Health community health strategies.

Core Principles of Citizen Engagement

1. Transparency in Communication
 - Provide clear and accurate information on available services, fees, and operational changes.
 - Use notice boards, community radio, and public barazas to share updates in accessible language.
2. Active Public Participation
 - Involve community members in hospital advisory committees to provide feedback on services and future plans.
 - Conduct quarterly community health forums to gather citizen input and address concerns.
3. Accessibility and Inclusivity

- Ensure information is accessible to persons with disabilities, low-literacy groups, and marginalized populations.
 - Engage youth, women, and elderly groups in targeted health education programs.
4. Ethical and Non-Misleading Promotion of Services
- Promote health services based on evidence and community needs, without exaggerating benefits.
 - Avoid any form of marketing that could exploit vulnerable patients.
- c) Product stewardship or Awareness Creation

Kipkelion Sub County Hospital's "product" is the range of healthcare services it delivers to the community. As a public health facility, we take full responsibility for ensuring that our services are safe, effective, and used appropriately. This commitment extends beyond the hospital walls through awareness creation and community education initiatives, ensuring patients and citizens understand how to access and benefit from these services responsibly.

Our product stewardship approach aligns with the Kenya Quality Model for Health (KQMH), the Public Health Act (Cap 242), and the Universal Health Coverage (UHC) agenda

Core Principles of Product Stewardship

1. Quality and Safety Assurance
 - Ensure all clinical services meet Ministry of Health quality standards and patient safety protocols.
 - Regularly audit clinical processes to maintain compliance with national guidelines.
2. Responsible Service Delivery
 - Provide accurate and complete information on treatments, procedures, and medications to support informed decision-making.
 - Avoid unnecessary procedures or prescriptions that do not benefit the patient.
3. Awareness Creation and Health Literacy
 - Conduct targeted health campaigns to educate the public on disease prevention, early diagnosis, and responsible health-seeking behavior.
 - Develop educational materials in Kiswahili, English, and local dialects for maximum reach.
4. Post-Service Follow-Up
 - Implement follow-up calls and community health worker visits to ensure patient recovery and adherence to treatment plans.
 - Use feedback from patients to improve services and correct any identified gaps

iv) Corporate Social Responsibility / Community Engagements

Kipkelion Sub County Hospital's Corporate Social Responsibility (CSR) and community engagement initiatives aim to strengthen the relationship between the hospital and the community it serves. Our programs focus on improving public health outcomes, supporting vulnerable groups, and promoting environmental and social well-being beyond our core mandate of patient care.

Kipkelion Sub County Hospital (Kericho County Government)
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All activities are aligned with the Constitution of Kenya (2010) on public participation, the Kenya Health Sector Strategic Plan, and the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being) and SDG 17 (Partnerships for the Goals)

Key CSR and Community Engagement Initiatives (FY 2024/2025)

1. Medical Outreach Camps
 - Organized three free medical outreach camps in rural parts of Kipkelion Sub County, providing general consultations, immunizations, and antenatal check-ups to over 2,800 residents.
2. School Health Programs
 - Partnered with 12 schools to deliver health talks on hygiene, nutrition, reproductive health, and mental wellness, reaching 4,500 students
3. Partnerships and Collaboration
 - Worked with local NGOs, faith-based organizations, and county government to extend the reach of health education and services

11. Report of The Board of Management

There was no board during the year.

Principal activities

The principal activity of the entity is to provide quality healthcare to all clients.

Auditors

The Auditor General is responsible for the statutory audit of kipkelion level 4 sub-county hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of kipkelion level 4 sub-county hospital for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Hospital Management Team


.....
Name:
Dr Weldon Mitei

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

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

OR

XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2025 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....
Name

12.Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Kipkelion sub county hospital which give a true and fair view of the state of affairs of the kipkelion sub county hospital at the end of the financial year/period and the operating results of the hospital for that year ended 30 th june 2025. The Board of Management is also required to ensure that the kipkelion sub county 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 kipkelion sub county financial statements, which give a true and fair view of the state of affairs of the kipkelion sub county hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the 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 kipkelion sub county 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 section 160 to 164. The Board members are of the

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

opinion that the kipkelion sub county hospital financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2025 and of the hospitals financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the kipkelion sub county hospital, which have been relied upon in the preparation of the kipkelion sub county hospitals financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 05th 12, 2025 and signed on its behalf by:

CLARA CHERWITOI

Name:
Chief officer
Department of health services.

[Signature]

Name:
Medical superintendent

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIPKELION LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KERICHO

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 Kipkelion Level 4 Hospital - County Government of Kericho set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance,

Report of the Auditor-General on Kipkelion Level 4 Hospital for the year ended 30 June, 2025 - County Government of Kericho

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

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

Basis for Qualified Opinion

1. Inaccuracy of Rendering of Services – Medical Service Income

The statement of financial performance reflects rendering of services – medical service income amounting to Kshs.9,027,072. The amount includes Social Health Authority (SHA) claims and National Health Insurance Fund (NHIF) received amounting to Kshs.5,289,300 and 2,743,621 respectively as disclosed in Note 8 to the financial statements, all totalling 8,032,921. However, the monthly revenue report provided revealed revenue amounting to Kshs.7,089,733 resulting to an unexplained variance of Kshs.943,188 as shown below:

Item	Financial statement amount (Kshs)	Revenue report(Kshs)	Variance (Kshs)
SHA claims received	5,289,300	5,011,843	277,457
NHIF claims received	2,743,621	2,077,890	665,731
Total	8,032,921	7,089,733	943,188

Further, (NHIF) income was not supported with schedules showing details of the name of patient, services offered, invoice number and invoice amount for the period were not provided for audit review.

In the circumstances, the accuracy and completeness of rendering of services – medical service income amounting to Kshs.9,027,072 could not be confirmed.

2. Inaccuracy of the Property, Plant and Equipment

The statement of financial position reflects property, plant, and equipment totalling Kshs.701,591. However, the amount differs with the balance of Kshs.705,591, reflected in Note 18 to the financial statements resulting in unexplained variance of Kshs.4,000.

Further, physical inspection carried out in November 2025 revealed the Hospital owns land measuring 18.19 Hectares, buildings, Equipment computers, office furniture and fittings, and Hospital beds all of undetermined values. However, these assets have not been disclosed in the financial statements. The fixed asset register and title deed for the land in support of the assets were also not provided for audit review.

In addition, no depreciation was charged on the ICT Equipment balance of Kshs.705,591. This was contrary to Policy 4 (e) of the summary of significant accounting policies which states that all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

In the circumstances, the accuracy and completeness of property, plant, and equipment totalling Kshs.701,591 could not be confirmed.

3. Inaccuracy of Intangible Assets

The statement of financial position and as disclosed in Note 19 to the financial statements reflects intangible assets totalling Kshs.515,127. However, no amortization was charged during the year under review. This was contrary to Policy 4 (g) of the summary of significant accounting policies which states that intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The amortization policy for the intangible assets was also not disclosed in the financial statements.

In the circumstance, the accuracy and completeness of intangible assets totalling Kshs.515,127 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounting to Kshs.10,101,118 and Kshs.8,550,756,

respectively, resulting to an under-funding of Kshs.1,550,362 or fifteen percent (15%) of the budget.

Similarly, the Hospital expended Kshs.7,594,671 against actual receipts of Kshs.8,550,756 resulting in under- expenditure of Kshs.756,085 of the actual receipts.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit reports of the previous year, ten (10) issues were raised under the Report on the Financial Statements as shown in **Appendix I**. However, Management indicated that the issues had been resolved but no documentary evidence was provided to support that the issues had been resolved.

Other Information

Management are responsible for the Other Information set out on page iii to xxvi which comprise of the Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Management, and Statement of Board 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 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. Irregular Procurement of Clinical and Medical Supplies

The statement of financial performance reflects medical and clinical costs amounting to Kshs.5,579,919. The amount includes expenditure totalling Kshs.4,076,640 incurred on pharmaceutical and non-pharmaceuticals supplies during the year under review. Review of respective procurement documents and ledgers revealed that management procured medical supplies amounting to Kshs.2,135,364 from local private pharmaceutical through framework agreements. However, no documentation was provided to show that management confirmed the availability of the required drugs from Kenya Medical Supplies Agency KEMSA prior to procuring from local pharmacies. There was also no evidence provided to show that non-supplies notification from Kenya Medical Supplies Agency (KEMSA) confirming that the drugs were out of stock thereby allowing the pharmaceuticals and non-pharmaceuticals items to be sourced from the private pharmaceutical companies.

Further, the amount includes an expenditure totalling Kshs.1,218,784 incurred on medical and clinical supplies procured directly from Mission for Essential Drugs, However, the procure did not the conditions for direct procurement. This is contrary to Section 91 (1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which states that open tendering shall be the preferred procurement method for procurement of goods, works and services and shall be adopted for procurement of goods, works and services for the threshold prescribed in the respective National and County regulations.

2. Irregular Facility Improvement Funds (FIF) Transfers to County Revenue Fund

The statement of financial performance reflects transfers to the County Revenue Fund (CRF) amounting to Kshs.154,270. This is contrary Section 5 (1) of the Facility Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities. However, the amount was later refunded after more than three months.

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

3. Failure to Appoint Health Facility Management Committee

During the year under review, the Hospital operated without a Health Facility Management Committee to oversee its administration, promote development, and approve plans, programs and budget estimates of the facility. This was contrary to the provisions of section 17(1) of the Facility Improvement Financing Act, 2023, which provides that every health facility shall have a management committee consisting of not less than seven and not more than nine members appointed by the County Executive Committee Member for Health.

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

4. Non-Compliance with Affirmative Action on 30% of Procurement Opportunities

Review of the Procurement Plan revealed that the Hospital allocated Kshs.2,510,000 of the total planned expenditure of Kshs.9,303,274 to enterprises owned by youth, women, and persons living with disabilities or twenty-seven percent (27%) of the procurement. This was contrary to Section 53 (6) of the Public Procurement and Asset Disposal Act, 2015 which requires all state organs and public entities during their procurement and disposal planning must reserve a minimum of thirty percent (30%) of their budgetary allocations to enterprises owned by women, youth, persons with disabilities and disadvantage groups.

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

5. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Review of the records in the hospital and analysis of Human Resource records on healthcare staffing, interviews with Management and physical verifications of medical equipment's available at the facility revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as shown in the table below:

Staffing Requirement	Official Requirement	Actual in Place	Variance
Total in place	85	3	-82
Medical Officers	6	0	-6
Anesthesiologists	6	0	-6
General Surgeons	2	0	-2
Gynecologists	2	0	-2
Pediatricians	2	0	-2
Radiologists	7	0	-7
Registered Community Health Nurses	60	3	-57

Further, the Hospital had deficits in services and equipment as shown below:

Equipment's/Services	Level 4 Hospital Standard	Actual in place
Functional theatres	4	0
Beds	150	40
Incubators	6	1
Cots	8	2
Resuscitaire in Theatre	1	0
Resuscitaire in Labor	3	1
ICU beds	6	0
HDU Beds	6	0
Renal Unit with Dialysis machines	6	0
Ambulance	2	0

These deficiencies contravene the First Schedule of Health Act, 2017 and hence implies that accessing highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43 (1) of the Constitution of Kenya, 2010 may not be achieved. Further this circumstance contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the government program on Universal Health Coverage (UHC).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policies and Other Manuals

The Hospital Management did not develop policies and manuals on risk management policy and business continuity plan, asset management policy, transport management policy, finance and accounting policies amongst others and solely rely on the policy and manuals developed by the County government. This was contrary to Regulation 158 (1) Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the County Government entity develops a risk management strategy, which include fraud prevention mechanisms, and a system of risk management and internal control that builds robust business operations.

In the circumstance, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

2. Lack of Internal Audit function

As previously reported the Hospital did not have an internal audit function and was relying on the internal audit function of the County Government. However, there were no evidence to show that County Government Internal Department carried out audit for the year under review. This was contrary to Section 155 (5) of Public Finance Management Act, 2012 stipulates that a County Government entity shall maintain internal auditing arrangements, and shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board and if any regulations are in force under subsection (2), those regulations are complied with.

In the circumstances, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Hospital 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

16 December, 2025

Appendix I

Unresolved Prior Year Audit Matters

Paragraph	Financial Year	Audit Issues
		Report on Financial Statements
1	2023/2024	Errors and Omissions in the Financial Statements
2	2023/2024	Non- Disclosure of Employee Costs
3	2023/2024	Failure to Amortize and Depreciate Assets
4	2023/2024	Misstatement of Property, Plant and Equipment
		Emphasis of Matter
5	2023/2024	Trade and Other Payables
		Report on Lawfulness and Effectiveness in the Use of Public Resources
6	2023/2024	Non- Compliance with Kenya Quality Model for Health Policy Guidelines
7	2023/2024	Lack of Hospital Management Committee
		Report on Effectiveness of Internal Controls, Risk Management and Governance
8	2023/2024	Lack of ICT and Risk Management Policies
9	2023/2024	Lack of Assets register
10	2023/2024	Lack of an Audit Committee

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

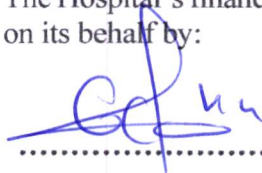
14.Statement of Financial Performance for The Year Ended 30 June 2025.

Description	Note	FY 2024/2025.	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	154,270	1,150,015
In - kind contributions from the County Government	7		
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
		154,270	1,150,015
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	9,072,072	3,966,555
Revenue from rent of facilities			
Finance /Interest Income			
Miscellaneous Income			
Revenue from exchange transactions		9,072,072	
Total revenue		9,226,342	5,116,570
Expenses			
Medical/Clinical costs	9	5,579,919	1,183,156
Employee costs	10		
Board of Management Expenses			
Depreciation and amortization expense			
Repairs and maintenance	11	121,860	
County revenue fund account	6	154,270	1,150,015
General expenses	12	4,479,152	2,701,262
Finance costs			
Total expenses		10,335,201	5,034,433
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets			

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

Description	Note	FY 2024/2025.	FY 2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments			
Medical services contracts Gains/Losses	13	(6,516)	
Impairment loss			
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		-1,102,343	82,137

The Hospital's financial statements were approved by the Board on 05.12.2025 and signed on its behalf by:



.....
Chief Officer

**Department of health
 Services.**



.....
Head of Finance

ICPAK No: 29926



.....
**Medical
 Superintendent/SRCO**

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

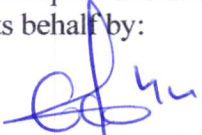
15.Statement of Financial Position As At 30th June 2025.


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	956,085	146,582
Prepayments			
Receivables from exchange transactions	15	1,556,952	613,764
Receivables from non-exchange transactions	16		120,290
Inventories	17	2,143,292	3,763,308
Total Current Assets		4,656,329	4,643,944
Non-current assets			
Property, plant, and equipment	18	705,591	234,388
Intangible assets	19	515,127	515,127
Investment property			
Biological Assets			
Total Non-current Assets		1,220,718	749,515
Total assets (A)		5,877,047	5,393,459
Liabilities			
Current liabilities			
Trade and other payables	20	2,864,241	741,155
Refundable deposits from Patients/Prepayments			
Provisions			
Finance lease obligation			
Current portion of deferred income			
Current portion of borrowings			
Total Current Liabilities		2,864,241	741,155
Non-current liabilities			
Provisions			
Non-Current Finance lease obligation			
Non-Current portion of deferred income			
Non - Current portion of borrowings			

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements			
Total non-current liabilities			
Total Liabilities (B)		2,864,241	741,155
Net assets (A-B)		<u>3,012,806</u>	4,652,304
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		3,012,806	1,507,476
Capital Fund			3,144,828
Net Assets		<u>3,012,806</u>	4,652,304

The Hospital's financial statements were approved by the Board on 05.12.2025 and signed on its behalf by:


.....
Chief Officer
Department of health
Services


.....
Head of Finance
ICPAK No: 29926


.....
Medical Superintendent

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)		1,425,339	3,144,828	4,570,167
Revaluation gain				
Surplus/(deficit) for the year		-659,018		-659,018
Capital/Development grants				
As at June 30, 2024 (previous year)		766,321	3,144,828	
At July 1, 2024 (current year)		766,321	3,144,828	3,911,149
Prior year adjustment		3,144,828	-3,144,828	
Revaluation gain				
Surplus/(deficit) for the year		-1,102,343		-1,102,343
Capital/Development grants				
At June 30, 2025 (current year)		2,864,241	3,144,828	2,808,806

(Note:

1. Being prior year adjustment for understatement of surplus due to re-expensing of payables.

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

Description	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		274,560	1,029,725
Rendering of services- Medical Service Income		8,129,614	3,387,962
Total Receipts		8,404,174	4,417,689
Payments			
Medical/Clinical costs		3,109,573	1,183,156
Employee costs			
Board of Management Expenses			
Repairs and maintenance			
Grants and subsidies		121,860	1,150,015
General expenses		4,363,238	2,701,262
Refunds paid out			
Total Payments		7,594,671	5,034,433
Net cash flows from operating activities	21	809,503	(616,746)
Cash flows from investing activities			
Purchase of property, plant, equipment			
Purchase of intangible assets			
Net cash flows used in investing activities			
Cash flows from financing activities			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		809,503	
Cash and cash equivalents as at 1 July 2024	22	146,582	763,328
Cash and cash equivalents as at 30 June 2025	22	956,085	146,582

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-			146,582		
Receipts						
Transfers from the County Government	1,150,015		1,072,404	274,560		26%
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	7,851,054		9,028,714	8,129,614		90%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total receipts	9,001,069		10,101,118	8,550,756		85%
Payments						
Medical/Clinical costs	2,222,809		4,000,000	3,109,573		78%
Employee costs						
Remuneration of directors						
Repairs and maintenance	400,000		303,274	121,860		40%
Grants and subsidies						
General expenses	5,185,477		5,000,000	4,363,238		91%
Finance costs						
Refunds						
Total Operational Expenditure paid	8,558,301		9,303,274	7,594,671		
Capital Expenditure paid						
Surplus	42,768		797,884	956,085		78%

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:
Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	xx
2	Reason for differences	xx
3	Reason for differences	xx
4	Reason for differences	xx
	Closing Cash and Cash Equivalent as per the statement of Cash flows	xxx

9. Notes to the Financial Statements

1. General Information

Kipkelion sub county is established by and derives its authority and accountability from health Act. The entity is wholly owned by the kericho County Government and is domiciled in kericho County in Kenya. The entity's principal activity is health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 entity.

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

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

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 2025 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)	274,560	1,029,725
	274,560	1,029,725
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies	274,560	1,029,725

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
kericho County Government					1,150,015
Total					1,150,015

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
Total grants in kind		

Grants From Donors and Development Partners

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

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

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

Notes to Financial Statements Continued

Transfers From Other Government Entities

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

Public Contributions and Donations

(a) Reconciliations of amortised grants

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

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Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dressing	1,700	1,600
General fees	40,000	
Laboratory	393,096	384,831
Medical Examination	2,000	
Opd Minor Theatre	5,850	5,550
Pharmacy	294,785	361,054
Pharmacy-RDF	1,420	990
Public Health	37,240	18,000
Registration	217,850	257,550
Injection	210	150
SHA CLAIMED	5,289,300	
FIF RECEIVED	994,151	
Other medical services income (nhif)	2,743,621	2,936,830
Total revenue from the rendering of services	9,027,072	3,966,555

Notes to the Financial Statements (Continued)

Miscellaneous Income

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

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Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	923,510	
Public health activities		
Food and Ration	1,503,279	549,898
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	1,452,764	318,992
Pharmaceutical supplies	1,700,366	314,266
Health information stationery		
Total medical/ clinical costs	5,579,919	1,183,156

10. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances		
Contributions to pension schemes		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Employee costs		

Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total		

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Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

11. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings		
Property plant and Equipments	121,862	
Office equipment		
Furniture and fittings		
Computers and accessories		
Motor vehicle expenses		
Maintenance of civil works		
Total repairs and maintenance	121,862	

12. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Kenya revenue authority	21,701	12,985
Bank charges	33,965	27,566
Conferences and delegations	0	157,400
stationary	229,000	
Electricity expenses	512,955	516,529
Fuel and Lubricants	737,070	1,031,969
Laptops and printers		
Electricals appliances	305,852	
Travel and accommodation allowance	1,238,050	445,890
Electrical items		
Printing and stationery	1,189,359	387,723
Internet expenses	200,000	110,000
Subscriptions to professional bodies	11,200	11,200
Total General Expenses	4,479,152	2,701,262

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13. Medical Services Contracts Gains /Losses

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	6517	
Total Gain/Loss	6,517	

Impairment Loss

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

14. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	956,085	146,582
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	956,085	146,582

(a). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1153321130	590,032	146,582
Sub- total		590,032	146,582
b) Current account			
Kenya Commercial bank	1337018058	366,053	
Sub- total		366,053	
Sub- total		956,085	146,582
Grand total		956,085	146,582

Prepayments

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

15.Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	1,556,952	613,764
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	1,556,952	613,764

Analysis of Receivables From Exchange Transactions

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

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16.Receivables From Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfers from the County Government	154,270	120,290
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total	154,270	120,290

Analysis of Receivables From Non-Exchange Transactions

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

17.Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	1,305,530	1,791,800
Maintenance supplies		294,000
Food supplies	177,643	438,534
Non-pharmaceutical	660,119	
Cleaning materials supplies		
General supplies		1,238,974
Less: provision for impairment of stocks		
Total	2,143,292	3,763,308

Detailed disclosure on inventories

	FY 2024/2025	FY
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023(previous year)					238,388				238,388
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
At 30th Jun 2024					238,388				238,388
At 1 July 2024(current year)					238,388				238,388
Additions					467,203				467,203
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
At 30th Jun 2025					705,591				705,591
Depreciation and impairment									
At 1 July 2023 (previous year)					705,591			-	705,591

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year									
Disposals									
Impairment									
At 30 June 2024					705,591				705,591
At July 2024 (current year)					705,591				705,591
Depreciation									
Disposals									
Impairment									
Transfer/adjustment					-				
At 30th June 2025					705,591				705,591
Net book values									
At 30 th Jun 2024 (previous)					705,591				705,591
At 30 th Jun 2025 (current)					705,591				705,591

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Notes to the Financial Statements (Continued)

19.Intangible Assets-Software

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Cost		
At beginning of the year	515,127	515,127
Additions		
Additions-Internal development		
Disposal		
At end of the year	515,127	515,127
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year	515,127	515,127
NBV	515,127	515,127

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Notes to the Financial Statements (Continued)

Biological Assets

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

20.Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	2,864,241		741,155	
Employee dues				
Third-party payments				
Audit fee				
Doctors' fee				
Total trade and other payables	2,864,241		741,155	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total	2,864,241	%	741,155	%

Refundable Deposits from Customers/Patients

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

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

Notes to the Financial Statements (Continued)

21. Cash Generated from Operations

Description	FY 2024/2023	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	-1,102,343	82,137
Adjusted for:		
Depreciation		
Receivables from non-exchange transactions	(xxx)	(120 ,290)
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		(849,614)
Increase in receivables	(943,188)	(470,134)
Increase in deferred income		
Increase in payables	1,236,028	741,155
Increase in payments received in advance		
Net cash flow from operating activities	809,503	(616,746)

Notes to the Financial Statements (Continued)

15. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	613,746	613,746		
Receivables from –non-exchange transactions	120,290	120,290		
Bank balances	730,096	730,096		
Total	1,464,132	1,464,132		
At 30 June 2025 (current year)				
Receivables from exchange transactions	1,556,952	1,556,952		
Receivables from –non-exchange transactions				
Bank balances	956,085	956,085		
Total	2,513,037	2,513,037		

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances	(956,085)	(730,096)
Net debt/ (<i>excess cash and cash equivalents</i>)	175,495	146,582
Gearing	18%	20%

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Notes to the Financial Statements (Continued)

16. Related Party Balances

Nature of related party relationships

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

The related parties include:

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

17. Capital Commitments

Capital Commitments	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

18. Events after the Reporting Period

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

19. Ultimate and Holding Entity

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

20. Currency

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

**Kipkelion Sub County Hospital (Kericho County Government)
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10. 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:
KIPKELION SUB-COUNTY LEVEL 4 HOSP/2021/2022(19)	Lack of hospital management board	The government through the department of health services is in process of implementing the kericho county services act 2021.		
	Non-compliance with requirements on universal health care (UHC)	The hospital primarily health care services provider and offer affordable health care service to its citizen	Not resolved	
		It is worth noting that the county		
	Lack of internal audit function	government has an independent audit unit which reports to the executive office of the governor	Not resolved	
	Failure to maintain unique email address	An official email address has been created as kipkelionhosp@kericho.go.ke in accordance with the provision of circular SH/ADM/23(1) from the head of public service dated 14 June 2022	Resolved	
	Lack of policies and manuals	Being a county entity, key policies and manuals including human resource policy and procedures manuals,		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		finance and accounting manuals, asset management policy, transport management policy, risk management policy. We have relied on the one from county government.		
	Failure to maintain asset register	Its worth noting that the assets ownership is still with national government and county government, putting into consideration they were inherited. The management has started the process of ownership through appointment of technical committee to oversee valuation and transfer the same	Resolved	



Accounting Officer



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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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