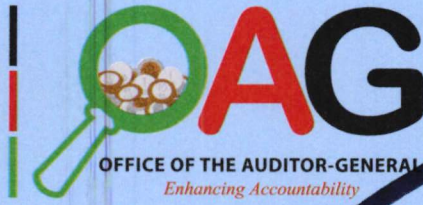


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT  
OF KENYA  
LIBRARY

ON

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NJIRU HOSPITAL

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FOR THE YEAR ENDED

30 JUNE, 2025

NAIROBI CITY COUNTY GOVERNMENT



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*-Revised 30<sup>th</sup> June 2025*



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

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**NJIRU HOSPITAL**  
**(Nairobi County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

---

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

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## **1. Acronyms & Glossary of Terms**

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

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

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

## 2. Key Entity Information and Management

### (a) Background information

Njiru Hospital is a level (4) hospital established under gazette notice number N/A and is domiciled in Nairobi County under the Health Department, Subcounty Health Management Team. The hospital is governed by a Health Facility Management Committee, Hospital Superintendent, hospital, Hospital

### (b) Principal Activities

#### VISION

To be a leader in the provision of sustainable, acceptable, affordable and accessible healthcare to all the residents of Nairobi.

#### MISSION

To provide quality, curative, preventive, promotive and rehabilitative healthcare to all the residents of Nairobi.

#### CORE OBJECTIVES

- 1.To reduce morbidity & mortality rates in Nairobi.
- 2.To provide accurate & appropriate health information
- 3.To reduce spread of communicable and non-communicable diseases
4. Improve community awareness on healthcare.
- 5.Provide access to quality health services.

### (c) Key Management

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

- County department of health
- Facility Health Management Committee
- Accounting Officer/ Medical Superintendent
- Hospital Health Management Team

### (d) Fiduciary Management

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

| No. | Designation            | Name                     |
|-----|------------------------|--------------------------|
| 1.  | Medical Superintendent | Josephine Wanjiku Karami |
| 2.  | Nursing manager        | Rosemary Mideva Kivai    |
| 3.  | Administration         | Catherine Mugeni         |

### (e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

**Key Entity Information and Management (continued)**

**(f) Nairobi City County Government**  
City Hall Way  
P.O. Box 30108, Nairobi KENYA

**(g) Njiru Hospital**

**(h)** Telephone: (+254) 0736334054  
E-mail: njiruhealthc@yahoo.com

**Entity Bankers**

- **Co-operative Bank of Kenya**  
**Njiru Health centre**  
**01141132186900, Ukulima Branch**
- **Co-operative Bank of Kenya**  
**Njiru Hospital**  
**01101812580001 City Hall 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  
PO BOX 30075-00100  
City Hall Building,  
City Hall Way,  
Nairobi, Kenya

### 3. The Board of Management

| Ref | Directors  | Details  |
|-----|--|--|
| 1.  | Director 1<br><i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i> | Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate. |
| 2.  | Director 2   |  |
| 3.  | Director 3   |  |
| 4.  | Director 4/Alternate   |  |
| 5.  | MED SUP  |  |
| 6.  | Entity Secretary   |  |

NB : The Hospital did not have the Board of Management during the year under review ,However it was governed by Health Facility Management Committee.

The Hospital management is following up with the appointing authority for appointment of the Board of Management.

#### 4. Key Management Team

| Ref | Management         | Details                |
|-----|--------------------|------------------------|
| 1.  | Josephine W.karami | Medical sup            |
| 2.  | Rosemary Mideva    | Deputy Nursing Officer |
| 3.  | Catherine Mugeni   | Administrator          |
| 4.  | Manager 4          |                        |
| 5.  | Etc.               |                        |

*(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)*

**5. Chairman's Statement**

The facility is awaiting the appointment of the Board. Currently we have Facility Management committee comprising of;

1. Martha Nduta Gitau- Chair person
2. Agnes Murugi Gachie- Treasure
3. Florence Kamande- Member
4. Cadzoroline Musinji- Scmoh Representative
5. Moses Kamuri - member
6. Irene Muchuku-Mca- representative
7. Joseph Kimuyu -Member
8. Josephine Karami- secretary
9. Evans Nyagoro -Ward Administrator

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

**(Two to three pages)**

Njiru hospital is a public health facility under the Nairobi city county Government. It is located in the eastern of Nairobi along Kangundo road.

The facility serves a catchment population of 92,291, mostly people of low and middle income.

This attachment area is so vast and some areas are hard to access. We have only eleven community units each with ten Community Health promoters that most households are not covered hence so many Health issues such as communicable diseases, immunisation, Gender based violence, None communicable diseases like Hypertension, Diabetes, Motorcycle accidents.

Njiru area does not have connection to sewer line, exposing the community especially children to raw sewer flowing in the environment resulting to many diarrhoea disease among children under five years.

Njiru hospital offers preventive, curative, promotive and rehabilitative health services including and treatment

OPD consultation and treatment

MCH/FP services

Emergency treatment and referral

Specialised clinics

HIV testing services

Management of HIV/AIDS

Counselling services

Pharmacy

TB diagnosis and management

24 hours maternity services

Laboratory services

We have an average of 400 patient turnover per day.

### **FINANCIAL RESOURCES**

Njiru hospital solely depend on reimbursement from National Health insurance Fund (NHIF-LINDA MAMA) and the Social Health Insurance Fund (SHIF) .Below is a report summarized showing the Financial flow.

NHIF/SHA/SHIF-Total reimbursements Fy2024/2025 Ksh 10,747,841

VIVA/TIKO-152,604

FIF FY 2024/2025-

BEST PRACTICE

Teamwork

Committed, responsible staff

Availability of essential drugs

Availability of laboratory reagents

We have participated in Health services delivery Award and have won for four consecutive years.

#### CHALLENGES

Shortage of nurses, pharmacists and support staff

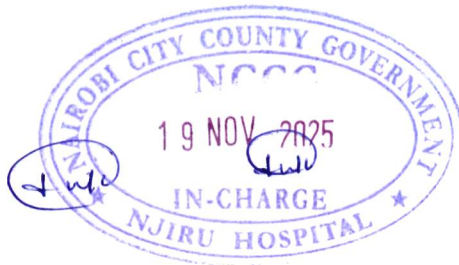
Lack of adequate infrastructure to expand the services as a level 4

Poor accessible road

Lack of connection to sewer line

Insecurity

Referral challenges especially for maternity cases



**Josephine Karami.**

**Secretary to the Board**

**7. Statement of Performance Against Predetermined Objectives**

*(Two-to-three pages)*

Njiru Hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1; Availability of tracer health infrastructure

Pillar/theme/issue 2: Availability of Health workforce

Pillar 3 Health commodities, supplies and products

Pillar 4 Health management information system, monitoring and evaluation system

Pillar 5 Facility management , coordination ,leadership and Governance

Njiru Hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The N/A achieved its performance targets set for the FY 2024/2025 period for its N/A strategic pillars, as indicated in the diagram below:

| <b>Strategic Pillar/Theme/Issues</b>                             | <b>Objective</b>                | <b>Key Performance Indicators</b>       | <b>Activities</b>   | <b>Achievem</b>   |
|--|---------------------------------|---|---|---|
| Pillar/ theme/ issue 1:<br>Availability of tracer infrastructure | To expand the hospital          | No of departments built and renovations | Resource mobilisation.<br>Renovations<br>Civil woks             | Expasion c<br>waiting<br>bay, consru<br>of SHAoff<br>Available i<br>to purchas<br>20ft contai |
| Pillar/ theme/ issue 2:<br>Availabilty of health workforce       | To give Quality health services | No .of patients seen with good outcomes | Lobby for more staff.<br>Sources more on casual temporary basis | 10 casual engaged quatery.<br>Contractu staff enga  |

|  |   |  |  |  |
|--|---|--|--|--|
|  |   |  |  |  |
| 3 Health commodities supplies and products                       | Ensure prompt diagnosis and treatment                                     | <b>No of patient with proper diagnosis and treatment</b> | <b>Budget,procure essential drugs ,reagents,non pharms Avail commodities to patients</b> | <b>Drugs, commodities available for patients</b> |
| 4.Heath management ,information system monitoring and evaluation | <b>To communicate health issues promptly through reports</b>              | <b>Timely ,accurate reports</b>                          | <b>Provide internet,computers ,antivirus</b>   | <b>Fast internet computers available</b>         |
| 5.Facility management,governance,                                | <b>To provide leadership in provision of quality health care services</b> | <b>NO.of clients attended,clients feedbacks</b>          | <b>Support support supervision staff motivation,capacity building</b>                    | <b>Positive client feedbacks</b>                 |

*(Under this section, therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement, and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts.*

## **8. Corporate Governance Statement**

### **Two-to-three pages**

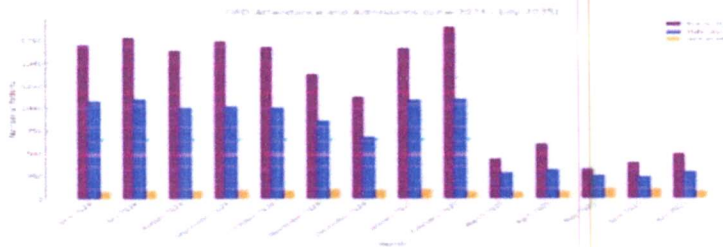
Provide the corporate governance statement as guided below:

We are currently waiting for appointment of the board but the Health Facility Management committee in place.

**9. Management Discussion and Analysis**

**Clinical/operational performance**

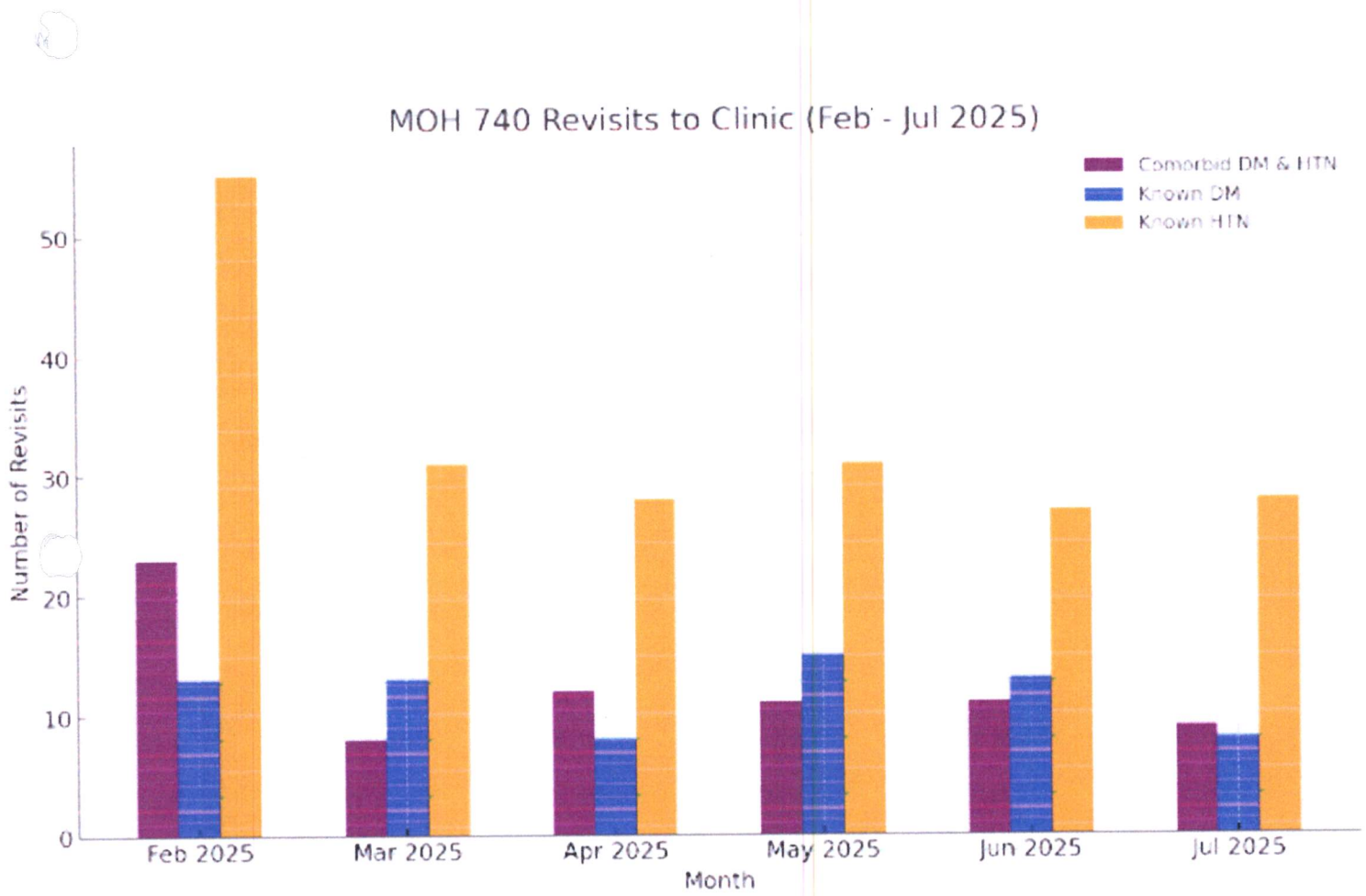
1. *Bed capacity of the hospital.*  
 Currently our bed capacity is at 20 inpatient at our maternity ward.
2. *Overall patient attendance during the year for both inpatient and outpatient.*



Here's the bar graph showing Female OPD attendance, Male OPD attendance, and Admissions for each month from June 2024 to July 2025.

- **Purple bars** – Female OPD attendance
- **Blue bars** – Male OPD attendance
- **Orange bars** – Admissions

3. *Accident and Emergency attendance*  
**Accident and Emergency (A&E) attendance** refers to the total number of patients who visit the **Accident & Emergency department (also called Casualty or Emergency Unit)** of a hospital within a given period but we normally refer because we don't have the department at mean time.
4. *Specialised clinic attendance*  
**Specialized Clinic Attendance** refers to the number of patients who visit hospital outpatient clinics that provide **specialized care** (beyond general outpatient services).



- **Purple bars** → MOH 74N/A Revisits (Comorbid DM & HTN)
- **Blue bars** → MOH 74N/A Revisits (Known DM)

- **Orange bars** → MOH 74N/A Revisits (Known HTN)

5. *Average length of stay for in patient.*

### **Average Length of Stay**

The **Average Length of Stay (ALOS)** for inpatients is a common hospital performance indicator.

It is calculated using the formula:

$$\text{Average Length of Stay (ALOS)} = \frac{\text{Total Inpatient Days}}{\text{Total Discharges (including deaths)}}$$

- **Total Inpatient Days** = sum of days all admitted patients spent in the hospital.
- **Total Discharges** = number of patients who left the hospital (alive or dead) during that period.

$$\frac{2268}{1134} = 2$$

### **6. Bed Occupancy Rate**

The **Bed Occupancy Rate (BOR)** is a hospital indicator that shows how effectively available beds are being used.

**Formula:**

$$\text{Bed Occupancy Rate (BOR)} = \frac{\text{Total Inpatient Days}}{\text{Available Beds} \times \text{Number of Days in the Period}} \times 100$$

**Where:**

- **Total Inpatient Days** = sum of the number of days each admitted patient stayed in the hospital during the period.
- **Available Beds** = the total number of functional (staffed) beds in the hospital.
- **Number of Days in the Period** = length of time considered (e.g., 30 days for a month, 365 days for a year).

$$\frac{23 \times 30}{690} \times 100 = 1\%$$

### **7. Mortality rate**

The **Mortality Rate** in a hospital context measures the proportion of patients who die while admitted, compared to all patients discharged.

**Formula (Hospital Mortality Rate):**

$$\text{Mortality Rate (\%)} = \frac{\text{Total Deaths (inpatients)}}{\text{Total Discharges (including deaths)}} \times 100$$

8. *Surgical theatre utilisation (number of operations over a period of time Njiru hospital does not perform major surgeries for now.*

**Surgical Theatre Utilization Rate** is an efficiency indicator showing how much of the available operating room (OR) time was actually used for surgeries.

**Formula**

$$\text{Theatre Utilization (\%)} = \frac{\text{Actual Time Used for Surgeries}}{\text{Total Available Theatre Time}} \times 100$$

**Where:**

- **Actual Time Used for Surgeries** = sum of all minutes/hours the operating room was occupied by patients (from patient in to patient out).
- **Total Available Theatre Time** = total scheduled time the theatre was available (e.g., 8 hours × number of theatre days).

Theatre utilisation is N/A for the for the year 2024/2025.

**Sponsorships and partnerships:**

For the year in question, that is 2024-2025, we have had Usaid supported partnerships but currently we have Ciheb.

**Financial performance**

a. Revenue sources

Our revenue sources are mainly Sha/Nhif/Shif and Viva Tiko funds

b. Utilisation of funds

Utilization of funds entails planning and budgetary processes that are on quarterly basis, whereby QIPs are raised discussed at various levels, (facility, subcounty & county that finally issues AIEs for execution of the QIPs based voted budgets).

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

### **i) Sustainability strategy and profile**

The facility strives to perform as per the requirements of sustainable developments goals. Our main focus is on the SDG 3, which focuses on good health and wellbeing;

- a. Maternal mortality- During the year under review, the facility has recorded N/A maternal mortality. This is by ensuring that our pregnant mothers attend the 8 focused antenatal care, after which their linked to our well-equipped maternity department with skilled midwives, that have been trained on Emergency Maternal and Neonate Care.
- b. End preventable deaths of new-borns and children under 5yrs. This is achieved at the maternity department; whereby Baby friendly initiatives are offered to avoid stillbirths and thereafter community linkage is emphasized both to and from the community for the follow-ups of the babies to the immunization and nutrition clinics to counter any infections and malnutrition.
- c. End epidemics of HIV/Aids, TB, Malaria & Tropical diseases; This is achieved by carrying in reaches/ outreaches on screening and starting the positive cases on treatments.
- d. Reduce premature mortality from Non Communicable Diseases: This is achieved by scaling up on screening of clients and carrying out timely investigations and management of the various conditions and giving advisory health talks on health and promotive, preventive measures.
- e. Prevent and treat substance abuse; This was achieved through health talks at facility and community engagement both through level 1, and linkage to our facility for various services such focus group discussions and formation of support groups.

### **ii) Environmental performance**

Our facility has managed to be environmentally friendly to the workers and the community as a whole by adhering to the laid down waste collection and disposal procedures that are enumerated by the Public health act. We also practice Infection Prevention Control measures by use the segregation of waste that is produced at various levels of care.

**iii) Employee welfare**

Facility management is only mandated to carry out staff appraisals and support staffs in skill development, by ensuring and facilitating for trainings that are arranged through the county training departments. The facility was able to support staffs to attend at various levels accordingly.

**iv) Market place practices-**

**a) Responsible competition practice.**

The facility adheres to ethics and anti-corruption measures. The facility uses the suppliers that have shortlisted at the county levels in supply of commodities and other supplies. The services offered at the facility are clearly outlined on our service charter. FIF funds that are charged at the facility are managed through automation models so as to uphold anti-corruption reporting systems and malpractices. This is a success due to Continuous public sensitization.

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

The facility maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices by ensuring and following guidance from our procurement officers and supervisors from the accounts department.

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

The public is ethically sensitized and educated on health information by use of public health officers, community advocacy teams and community health promoters in delivering quality health information that has been researched and passed due processes of truth, this is to avoid false myths and misconceptions within the health sector.

**d) Product stewardship or Awareness Creation**

The facility management ensures consumer rights and interests are upheld by ensuring health products information is right and consumer friendly. Disputes are well resolved in accordance with the set regulation as per the HR code of ethics.

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

In the year 2024-2025 the facility has not benefited from any CSR engagements.

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

Currently there is no board of management, however it's in the process of being formed by the county. However, there is a Facility management committee.

**12. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2N/A12 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* 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 *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2N/A12 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

**Njiru Hospital (Nairobi County Government)**  
**Annual Report and Financial Statements for The Year Ended 30 June 2025**

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In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 1<sup>st</sup> July 2024 \_\_\_\_\_  
and signed on its behalf by:

..... *Mutau* .....  
**Name: Martha N .Gitau**  
**Chairperson**  
**Board of Management**

..... *JyK* .....  
**Name: Josephine Karami**  
**Accounting Officer**



# 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 NJIRU HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - NAIROBI CITY COUNTY GOVERNMENT**

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### **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 Njiru Hospital - Nairobi City County Government set out on pages 1 to 24 which comprise of the statement of

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*Report of the Auditor-General on the Njiru Hospital for the year ended 30 June, 2025-Nairobi City County Government*

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Njiru Hospital - Nairobi City County Government 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 Government Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

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

The statement of financial position and Note 17 to the financial statements reflects a balance of Kshs.301,061 in respect of property, plant and equipment. Review of Note 17 to the financial statements revealed that the Hospital did not disclose various types of assets including the land on which the Hospital building was constructed. The Management explained that it was due to the fact that the Hospital had not undertaken an assets valuation which would enable the entity to recognize and account for its assets from the establishment date.

Further, the assets register, was not complete since it lacked critical information like the date of procurement, value of the asset, depreciation charged, location of items, serial numbers and status of the assets owned by the Facility.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.301,061 could not be confirmed.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter

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 Information**

Management is responsible for the Other Information set out on page ii to xxi which comprise of Key Entity Information and Overall Performance, Statement of Governance, Statement of the Chairperson, Statement of the Medical Superintendent, Management Discussion and Analysis, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Njiru 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. Non-Compliance with Universal Health Coverage (UHC) Requirements**

Review of Hospital records on services offered, equipment used and medical specialists revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy. The Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

| Service                                      | Level 4 Hospital Standard | Actuals in the Hospital | Variance | Percent Age (%) |
|--|---------------------------|-------------------------|----------|-----------------|
| Bed Capacity                                 | 150                       | 20                      | 125      | 83%             |
| Newborn Incubators                           | 5                         | 0                       | 5        | 60%             |
| Newborn Unit Cots                            | 5                         | 2                       | 3        | 40%             |
| Resuscitative in Theatre                     | 1                         | 0                       | 0        | 0%              |
| Resuscitative in Labor Ward                  | 2                         | 1                       | 0        | 50%             |
| Functional Intensive Care Unit Beds          | 6                         | 0                       | 6        | 100%            |
| Renal Unit with at least 5 Dialysis Machines | 5                         | 0                       | 5        | 100%            |

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

In the circumstances, the effectiveness and efficiency of service delivery to the public could not be confirmed

## 2. Lack of Critical Hospital Infrastructure

Review of documents revealed that according to Ministry of Health infrastructure norms, a typical ward for Level 4 Hospital includes Male, Female, Pediatric, Antenatal, and Postnatal, High Dependency Unit (HDU) / Intensive Care Unit (ICU), Orthopedics, Surgical and Medical Wards. However, the physical verification revealed that the Hospital only has a functional Maternity Ward while the rest of the services which are expected to be offered by a Level 4 Hospital were not available at the Facility.

In the circumstances, the effectiveness and efficiency of service delivery to the public could not be confirmed

## 3. Understaffing at the Facility

Review of the Human Resource records revealed that the Hospital does not have an approved staff establishment leading to understaffing in the key departmental functions. Further, it was noted that some departments were being manned by few staff when compared to the available workload while other departments had no qualified staff to manage the relevant functions.

In the circumstances, the efficiency and effectiveness in delivery of services could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Hospital Management Board**

During the year under review, the Hospital did not have a Board of Management in place. The purpose of the Board is to oversight, promote development, approve plans, programs and estimates for implementing County health strategies in the Hospital and to control the administration of the entity.

In the circumstances, the effectiveness and efficiency of the governance system could not be confirmed.

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 December, 2025

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

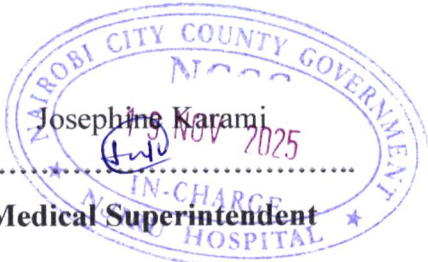
| Description                                      | Note | 2024-2025         |
|--|------|-------------------|
|  |      | Kshs              |
| <b>Revenue from non-exchange transactions</b>    |      |                   |
| In-kind contributions from the County Government | 5    | 15,014,886        |
| Public contributions and donations               | 6    | 350,000           |
|  |      |                   |
| <b>Revenue from exchange transactions</b>        |      |                   |
| Rendering of services- Medical Service Income    | 7    | 19,571,819        |
|  |      |                   |
| <b>Revenue from exchange transactions</b>        |      |                   |
| <b>Total revenue</b>                             |      | <b>34,936,705</b> |
|  |      |                   |
| <b>Expenses</b>                                  |      |                   |
| <b>In-kind contribution</b>                      | 5    | 15,014,886        |
| Medical/Clinical costs                           | 8    | 2,620,101         |
| Employee costs                                   | 9    | 2,658,500         |
| Board of Management Expenses                     | 10   | 96,000            |
| Depreciation and amortization expense            | 11   | 43,009            |
| Repairs and maintenance                          | 12   | 447,390           |
| General expenses                                 | 13   | 2,017,996         |
|  |      |                   |
| <b>Total expenses</b>                            |      | <b>22,897,882</b> |
| <b>Total other gains/(losses)</b>                |      | <b>-</b>          |
| <b>Net Surplus for the year</b>                  |      | <b>12,038,823</b> |

A

*Mutan*  
.....  
**Chairman**  
**Health Facility Management**  
**committee**

Moses Ondieki  
*Moses Ondieki*  
.....  
**Head of Finance**  
**ICPAK No:12512**

*Josephine Karami*  
*July 2025*  
.....  
**Medical Superintendent**



**15. Statement of Financial Position as at 30<sup>th</sup> June 2025**

| Description                            | Note | 2024-2025 FY      |
|--|------|-------------------|
|  |      | Kshs              |
| <b>Assets</b>                          |      |                   |
| <b>Current assets</b>                  |      |                   |
| Cash and cash equivalents              | 14   | 5,305,273         |
| Receivables from exchange transactions | 15   | 8,231,077         |
| Inventories                            | 16   | 6,297,379         |
| <b>Total Current Assets</b>            |      | <b>19,833,729</b> |
| <b>Non-current assets</b>              |      |                   |
| Property, plant, and equipment         | 17   | 301,061           |
| <b>Total Non-current Assets</b>        |      | <b>301,061</b>    |
| <b>Total assets (A)</b>                |      | <b>20,134,790</b> |
| <b>Liabilities</b>                     |      |                   |
| <b>Current liabilities</b>             |      |                   |
| Trade and other payables               | 18   | 485,200           |
| <b>Total Current Liabilities</b>       |      | <b>485,200</b>    |
| <b>Net assets (A-B)</b>                |      | <b>19,649,590</b> |
| <b>Represented by:</b>                 |      |                   |
| Accumulated surplus/Deficit            |      | 12,038,823        |
| Capital Fund                           |      | 7,610,767         |
| <b>Net Assets</b>                      |      | <b>19,649,590</b> |

**Martha Gitau** *M Gitau*  
 .....  
 Chairman  
 Facility Health Management

**Moses Ondieki**  
*M Ondieki*  
 .....  
 Head of Finance  
 ICPAK No:12512

**Josephine Karami** *J Karami*  
 .....  
 Medical Superintendent



committee

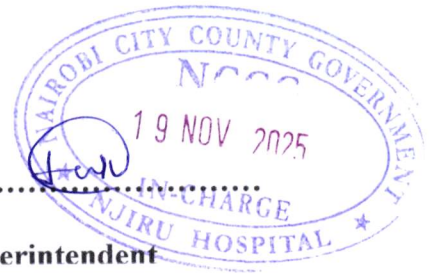
**16. Statement of Changes in Net Assets for The Year Ended 30 June 2025**

| Description                            | Revaluation reserve | Accumulated surplus | Capital Fund     | Total             |
|--|---------------------|---------------------|------------------|-------------------|
| At July 1, 2024                        | -                   | -                   | -                | -                 |
| Surplus for the year                   | -                   | 12,038,823          | 7,610,767        | 19,649,590        |
| Capital/Development grants             | -                   | -                   | -                | -                 |
| <b>At June 30, 2025 (current year)</b> | -                   | <b>12,038,823</b>   | <b>7,610,767</b> | <b>19,649,590</b> |

Martha  
 Gitau ..... *M Gitau* .....  
 .....  
 Chairman  
 Facility Health Management  
 committee

Moses Ondieki  
 ..... *M Ondieki* .....  
 .....  
 Head of Finance  
 ICPAK No:12512

Josephine  
 Karami ..... *J Karami* .....  
 .....  
 Medical Superintendent



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

| Description   | Note | 2024-2025         |
|---|------|-------------------|
|   |      | Kshs              |
| <b>Cash flows from operating activities</b>         |      |                   |
| <b>Receipts</b>                                     |      |                   |
| Rendering of services- Medical Service Income       |      | 11,340,742        |
| Miscellaneous receipts( <i>specify</i> )            |      | -                 |
| <b>Total Receipts</b>                               |      | <b>11,340,742</b> |
|   |      |                   |
| <b>Payments</b>                                     |      |                   |
| Medical/Clinical costs                              |      | 2,620,101         |
| Employee costs                                      |      | 2,173,300         |
| Board of Management Expenses                        |      | 96,000            |
| Repairs and maintenance                             |      | 447,390           |
| General expenses                                    |      | 2,017,996         |
| <b>Total Payments</b>                               |      | <b>7,354,787</b>  |
| Cash and cash equivalents as at 1 July 2024         |      | 1,319,318         |
| <b>Cash and cash equivalents as at 30 June 2025</b> |      | <b>5,305,273</b>  |

**Martha**  
**Gitau** .....  
 .....  
**Chairman**  
**Facility Health Management**  
**committee**

*Martha Gitau*

**Moses Ondieki**  
 .....  
 .....  
**Head of Finance**  
**ICPAK No:12512**

*Moses Ondieki*

**Josephine**  
**Karami** .....  
 .....  
**Medical Superintendent**



**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                   |                  |
| <b>Receipts</b>                               |                   |             |                   |                            |                        |                  |
| Rendering of services- Medical Service Income | 15,000,000        | -           | 15,000,000        | 11,340,742                 | 3,659,258              | 75.6%            |
| Miscellaneous receipts ( <i>specify</i> )     | -                 | -           | -                 | -                          | -                      |                  |
| <b>Total receipts</b>                         | <b>15,000,000</b> | <b>-</b>    | <b>15,000,000</b> | <b>11,340,742</b>          | <b>3,659,258</b>       | <b>75.6%</b>     |
| <b>Payments</b>                               |                   |             |                   |                            |                        |                  |
| Medical/Clinical costs                        | 6,500,000         | -           | 6,500,000         | 2,620,101                  | 3,879,899              | 40%              |
| Employee costs                                | 3,000,000         | -           | 3,000,000         | 2,173,300                  | 826,700                | 72.4%            |
| Remuneration of directors                     | 100,000           | -           | 100,000           | 96,000                     | 4,000                  | 96%              |
| Repairs and maintenance                       | 600,000           | -           | 600,000           | 447,390                    | 152,610                | 75%              |
| General expenses                              | 4,800,000         | -           | 4,800,000         | 2,017,996                  | 2,782,004              | 42%              |
| <b>Total Operational Expenditure paid</b>     | <b>15,000,000</b> | <b>-</b>    | <b>15,000,000</b> | <b>7,354,787</b>           | <b>7,645,213</b>       | <b>49%</b>       |
| <b>Capital Expenditure paid</b>               | <b>-</b>          | <b>-</b>    | <b>-</b>          | <b>-</b>                   | <b>-</b>               |                  |
| <b>Surplus</b>                                | <b>-</b>          | <b>-</b>    | <b>-</b>          | <b>3,985,955</b>           | <b>-</b>               |                  |

**Budget Reconciliation**

|   | Description of Particulars   | Amount in Kshs   |
|---|--|------------------|
|   | Actual Surplus Amounts as per the statement of Budget                      | 3,985,955        |
| 1 | Cash and cash equivalents as at 1 <sup>st</sup> July 2024                  | 1,319,318        |
|   | <b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b> | <b>5,305,273</b> |

***NJIRU Hospital (Nairobi County Government)  
Annual Report and Financial Statements for The Year Ended 30th June 2025***

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

### **1. General Information**

Njiru Hospital entity is established by and derives its authority and accountability from PFM-Act. The entity is wholly owned by the Nairobi City County Government and is domiciled in Nairobi County in Kenya. The entity's principal activity is offering comprehensive health care 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 hospitals 'accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the 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.*

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

| Standard                        | Effective date and impact:  |
|---------------------------------|---|
|                                 | <p>scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>   |
| <p>IPSAS 46<br/>Measurement</p> | <p><i>Applicable 1<sup>st</sup> 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"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

*iii) Early adoption of standards*

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

##### **b. Budget information**

The original budget for FY 2024/2025 was approved by County Health Management Team. 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 hospital upon receiving the respective approvals in order to conclude the final budget. The hospitals' 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.

**d. 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.

**e. 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.

**f. 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.

**g. 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.

## **Financial liabilities**

### **Classification**

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

#### **h. 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.

#### **i. 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.

**j. 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.

**k. 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.

**l. 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.

**m. 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 1.14N/A)

#### **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 N/A. 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.

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

| Description   | 2024/2025         |
|---|-------------------|
|   | KShs              |
| Salaries and wages  | N/A               |
| Medical supplies-Drawings Rights (KEMSA)                          | 5,000,000         |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | 9,934,886         |
| Utility bills   | 80,000            |
| <b>Total grants in kind</b>                                       | <b>15,014,886</b> |

**6. Public Contributions and Donations**

| Description  | 2024/2025      |
|--|----------------|
|  | KShs           |
| Other donations- <i>ILLEG/SAFARI COM(Ultrasound machine)</i> | 350,000        |
| Donations in kind-amortised                                  | -              |
| <b>Total donations and sponsorships</b>                      | <b>350,000</b> |

(Safaricom PLC donated an ultrasound machine to the facility)

**7. Rendering of Services-Medical Service Income**

| <b>Description</b>                                  | <b>FY 2024/2025</b> |
|---|---------------------|
|   | <b>Kshs</b>         |
| Non-Pharmaceuticals                                 | 50,300              |
| Laboratory  | 240,500             |
| Reproductive health                                 | 150,000             |
| Other medical services income ( SHA/SHIF            | 10,900,442          |
| <b>Total revenue received</b>                       | <b>11,340,742</b>   |
| <b>Add Receivables(accrual)</b>                     | <b>8,231,077</b>    |
| <b>Total revenue from the rendering of services</b> | <b>19,571,819</b>   |

**8. Medical/ Clinical Costs**

| Description  | FY2024/2025      |
|--|------------------|
|  | Kshs             |
| Laboratory chemicals and reagents                                | 480,420          |
| Public health activities(DSA)                                    | 50,000           |
| Food and Ration  | 521,747          |
| Uniform, clothing, and linen                                     | 10,500           |
| Dressing and non-pharmaceuticals                                 | 549,597          |
| Pharmaceutical supplies  | 365,994          |
| Health information stationery                                    | 235,340          |
| Sanitary and cleansing Materials                                 | 139,225          |
| Purchase of Medical gases  | 9,700            |
| Other medical related clinical costs (other medical equipment's) | 396,803          |
| <b>Total medical/ clinical costs</b>                             | <b>2,620,101</b> |

**9. Employee Costs**

| Description                             | FY 2024/2025     |
|---|------------------|
|   | Kshs             |
| Salaries, wages, and allowances         | 2,173,300        |
| Other employee costs ( <i>specify</i> ) | -                |
| <b>Employee costs paid</b>              | <b>2,173,300</b> |
| <b>Add payables(accruai)</b>            | <b>485,200</b>   |
| <b>Total employee costs</b>             | <b>2,658,500</b> |

**10. Board of Management Expenses**

| Description        | FY 2024/2025  |
|--------------------|---------------|
|                    | Kshs          |
| Sitting allowance  | 96,000        |
| Airtime allowances | -             |
| <b>Total</b>       | <b>96,000</b> |

**11. Depreciation and Amortization Expense**

| Description                                | FY 2024/2025  |
|--|---------------|
|  | Kshs          |
| Property, plant and equipment              | 43,009        |
| Investment property carried at cost        | -             |
| <b>Total depreciation and amortization</b> | <b>43,009</b> |

## 12. Repairs And Maintenance

| Description                          | FY 2024/2025   |
|--------------------------------------|----------------|
|                                      | Kshs           |
| Property- Buildings                  | 86,540         |
| Medical equipment                    | 114,070        |
| Office equipment                     | 13,920         |
| Furniture and fittings               | 50,000         |
| Computers and accessories            | 150,000        |
| Motor vehicle expenses               | 33,400         |
| Maintenance of civil works           | -              |
| <b>Total repairs and maintenance</b> | <b>447,390</b> |

**13. General Expenses**

| Description                         | FY2024/2025      |
|-------------------------------------|------------------|
|                                     | KShs             |
| Catering expenses                   | 521,477          |
| Waste management expenses           | 139,225          |
| Bank charges                        | 10,220           |
| Contracted services                 | 761,600          |
| Electricity expenses                | 164,980          |
| Fuel and Lubricants                 | 33,400           |
| Travel and accommodation allowance  | 72,550           |
| Printing and stationery             | 121,000          |
| Water and sewerage costs            | 73,246           |
| Telephone and mobile phone services | 120,298          |
| <b>Total General Expenses</b>       | <b>2,017,996</b> |

**14. Cash And Cash Equivalents**

| Description                            | FY2024/2025         |
|--|---------------------|
|  | KShs                |
| Current accounts                       | 5,305,273.29        |
| Others( <i>specify</i> )- Mobile money | -                   |
| <b>Total cash and cash equivalents</b> | <b>5,305,273.29</b> |

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

| <b>Description</b>           |                       | <b>FY 2024/2025</b> |
|------------------------------|-----------------------|---------------------|
| <b>Financial institution</b> | <b>Account number</b> | <b>KShs</b>         |
| <b>a) Current account</b>    |                       |                     |
| Cooperative bank             | 01141132186900        | 4,864,473.29        |
| Cooperative bank             | 01101812580001        | 440,800.00          |
| <b>Sub- total</b>            | -                     | -                   |
| <b>Grand total</b>           |                       |                     |
|                              |                       | <b>5,305,273.29</b> |

**15. Receivables From Exchange Transactions**

| <b>Description</b>           | <b>FY2024/2025</b> |
|------------------------------|--------------------|
|                              | <b>KShs</b>        |
| Medical services receivables | 8,231,077          |
| Less: impairment allowance   | -                  |
| <b>Total receivables</b>     | <b>8,231,077</b>   |

**Analysis of Receivables From Exchange Transactions**

| <b>Description</b> | <b>FY2024/2025</b> |                       |
|--------------------|--------------------|-----------------------|
|                    | <b>Kshs</b>        |                       |
|                    | <b>Current FY</b>  | <b>% of the total</b> |
| Less than 1 year   | 8,231,077          | %                     |
| Between 1- 2 years | -                  | %                     |
| Between 2-3 years  | -                  | %                     |
| Over 3 years       | -                  | %                     |
| <b>Total (a+b)</b> | <b>8,231,077</b>   | <b>%</b>              |

**16. Inventories**

| <b>Description</b>                       | <b>FY2024/2025</b> |
|--|--------------------|
|  | <b>KShs</b>        |
| Pharmaceutical supplies                  | 3,500,000          |
| Maintenance supplies                     | 2,337,000          |
| Food supplies                            | 60,000             |
| Linen and clothing supplies              | 300,000            |
| Cleaning materials supplies              | 30,000             |
| General supplies                         | 50,000             |
| Less: provision for impairment of stocks | -                  |
| <b>Total</b>                             | <b>6,277,000</b>   |

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*Notes to the Financial Statements (Continued)*

**17. Property, Plant and Equipment**

| Description                        | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment  | Plant and medical Equipment | Other Assets (specify) | Capital Work in progress | Total          |
|------------------------------------|------|---------------------------|----------------|---|----------------|-----------------------------|------------------------|--------------------------|----------------|
|                                    | Ksh  | Ksh                       | Ksh            | Ksh                                       | Ksh            | Ksh                         |                        | Ksh                      | Ksh            |
| At 1 July 2024                     | -    | -                         | -              | 50,000                                    | 180,000        | 114,070                     | -                      | -                        | <b>344,070</b> |
| Revaluation Adjustments            | -    | -                         | -              | -   | -              | -                           | -                      | -                        | -              |
| <b>At 30<sup>th</sup> Jun 2025</b> | -    | -                         | -              | <b>50,000</b>                             | <b>180,000</b> | <b>114,070</b>              | -                      | -                        | <b>344,070</b> |
| <b>DEPRECIATION RATE</b>           | -    | -                         | -              | 12.5%                                     | 12.5%          | 12.5%                       | -                      | -                        | -              |
| <b>Depreciation</b>                | -    | -                         | -              | 6,250                                     | 22,500         | 14,259                      | -                      | -                        | 43,009         |
| <b>Net book values</b>             |      |                           |                |   |                |                             |                        |                          |                |
| <b>At 30<sup>th</sup> Jun 2025</b> | -    | -                         | -              | <b>43,750</b>                             | <b>157,500</b> | <b>99,811</b>               | -                      | -                        | <b>301,061</b> |

**18. Trade and other Payables**

| <b>Description</b>                    | <b>2024/2025</b>  |                       |
|---------------------------------------|-------------------|-----------------------|
|                                       | <b>KShs</b>       |                       |
| Employee dues                         | 485,200           |                       |
| Doctors' fee                          | -                 |                       |
| <b>Total trade and other payables</b> | <b>485,200</b>    |                       |
| <b>Ageing analysis:</b>               | <b>Current FY</b> | <b>% of the Total</b> |
| Under one year                        | 485,200           | 100%                  |
| 1-2 years                             | -                 | %                     |
| 2-3 years                             | -                 | %                     |
| Over 3 years                          | -                 | %                     |
| <b>Total</b>                          | <b>485,200</b>    | <b>%</b>              |

**19. Refundable Deposits from Customers/Patients**

**20. Related Party Balances**

**Nature of related party relationships**

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

Nairobi City County Government is the principal shareholder of the hospital, holding. The National Government of Kenya has provided full guarantees to all long-term lenders of the hospital, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Key Management

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