

REPUBLIC OF KENYA



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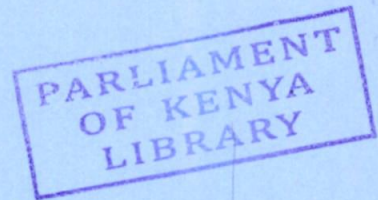


REPORT

OF

THE AUDITOR-GENERAL

ON



LANGA LANGA SUB COUNTY LEVEL 4
HOSPITAL

PAPERS LAID	
DATE	24/2/20.
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COMMITTEE	
CLERK AT THE TABLE	

FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

105

Revised 30th June 2025



LANGA LANGA SUB COUNTY HOSPITAL (COUNTY GOVERNMENT OF NAKURU)

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

a) Acronyms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
ME CCC	Comprehensive Care Clinic
CSR	Corporate Social Responsibility
FP	Family Planning
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MCH	Maternal and Child Health
MED SUP	Medical Superintendent
NHIF	National Health Insurance Fund
TB	Tuberculosis
UTJ	USAID Tujenge Jamii
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MCH	Mother Child Health
PMTCT	Prevention of Mother to Child Transmission (PMCT)
CCC	Comprehensive Care Clinic
NHIF	National Hospital Insurance Fund
HMT	Hospital Management Team
ESP	Economic Stimulus Program
UTJ	USAID – Tujenge Jamii
USAID	United States Agency for International Development.
FIF	Facility Improvement funds
HIV	Human Immunodeficiency Virus
AIDS	Acquired Immunodeficiency Syndrome

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EMR	Electronic Medical Report
ICT	Information and Communications Technology
CWC	Child Welfare clinic
ANC	Antenatal Care
SOP's	Standard Operating Procedures
HRM	Human Resource Management
CSR	Corporate Social Responsibility
FP	Family Planning
PNC	Post-Natal Care
EMR	Electronic Medical Record

b) Glossary

Fiduciary Management	Key management personnel who have financial responsibility in the entity.
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2. Key Entity Information and Management

(a) Background information

Langa-Langa sub county hospital is located in Flamingo ward, Nakuru east sub-county in Nakuru County. The facility was officially opened by the late his Excellency Mzee Jomo Kenyatta CGH the first president of Kenya on 18th September 1973, being a Health Centre Vol. CXXIII -No. 157 Code:15188. It was later elevated to a level IV health facility with a catchment population of 34,000 majority being women and children. It currently offers services to the public under the county department of health services.

The facility has a current staff establishment of permanent, contractual casuals, Global fund and UTJ contracted with severe under-staffing across all cadres. The county government has employed majority of the technical officers and contractual staff while the facility improvement fund (FIF) remunerates casual workers and security officers. APHIA TUJENGE JAMII has employed staffs to support the HIV/AIDS control programme. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity is to offers services to the public under the county department of health services. The hospital offers general outpatient services, comprehensive lab services, physiotherapy services, CC/TB services, FP services, MCH and maternity services.

The hospital offers services to cash payers' clients who pay through the hospital paybill, and patients using insurance payment. Services offered include:

- Maternal Child Health
- Family Planning
- Curative services (outpatient)
- Rehabilitative services
- HIV and TB Care
- Maternity services
- Laboratory services
- Community screening programs

The facility has a current staff establishment 67 personnel of 31 under permanent and pensionable terms, 12 under county contract, 1 under global, 3 under the UHC program and 11 seconded by supporting partners (UTJ) and 9 under hospital contract.

There is great understaffing in all cadres with some key cadres missing, which are needed to offer services in essential services. The county government has employed most of the technical officers and contractual staff while the facility improvement fund (FIF) remunerates casual workers and security officers.

(c) Key Management

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

- County department of health
- Accounting Officer/ Medical Superintendent
- Management/Departmental Heads

The *hospital's* management works with the following key organs:

- Board of Management
- Medical Superintendent
- Head of departments

(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.	Hospital Medical Superintendent	Dr. Cynthia Chebii
2.	Hospital Administrator	Ms. Jesica Musisi
3.	Nursing Officer In charge	Ms. Anne Atonga
4.	Pharmacist	Dr. Chadni Vora
5.	Head of Records	Ms. Rachel Mwonge
6.	Head of Accounting Unit	CPA Newton Karanja
7.	Lab Tech	Ms. Mildred Ndeti

No.	Designation	Name
9	Physiotherapist	Ms. Joyce Ngetich
10.	Public Health Officer	Ms. Gilbert Cherutoi

(e) Fiduciary Oversight Arrangements

The overall oversight responsibility of the hospital rests with the Hospital Board of Management to:

- Develop the hospitals clinical services and operational strategy.
- Enhancing collaboration and engagement with stakeholders and partners in support of development of the hospital
- ensure smooth running of the entire facility on a day to day
- ensure they address emergencies both at the facility level and surrounding environment on a timely manner
- ensure quality of standards are maintained in their respective departments on a daily basis
- ensure proper planning of commodities and are able to utilize their commodities in a responsible manner
- ensure proper planning in the ordering of commodities every quarter
- Ensure financial integrity in the budgeting, procurement and utilization of products purchased using the FIF funds
- Ensure continuous improvement of the quality of standards and values are maintained in their respective departments daily.
- Ensure proper storage and utilization of commodities received at the facility.
- Ensure daily hospital health talks are done to clients visiting the institution to ensure empowerment of the community serving the facility.
- Ensure there is full utilization of the services available at the hospital level by clients seeking the said services.
- Ensure appropriate human resource management protocols are observed
- Ensure the proper financial guidelines are followed and keep the management accountable over the same.

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- Quarterly data review of the facility's performance
- Put in place sound strategies to ensure prudent utilization of the hospital assets and resources.
- Ensure there is community engagement through community barazas at least quarterly.
- Promote the cooperate image of the hospital.
- Championing national values and principles of public service.
- Prepare annual work plans and establishing proper internal monitoring and control systems and procedures.
- Enhance capacity building quality management, patient safety and performance management systems.

(f) Entity Headquarters

Langa Langa Sub County Hospital
P.O. Box 124 - 020100
Flamingo Ward
Kanu Street - Nakuru
Nakuru, Kenya

(g) Entity Contacts

Langa Langa Sub County Hospital
Telephone: (+254) 711476293
E-mail: langalangashospital@gmail.com
Website: www.nakuru.go.ke

(h) Entity Bankers

Co-operative Bank of Kenya
Co-operative House
P.O BOX 48231-00100
Haile Selassie -Nairobi.

(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

Nakuru County Attorney
County Hall Building, Moi Road
P.O. Box.2870
Nakuru, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 Martha Chesang – Board Chair	Martha Chesang has academic qualifications of ‘O’ level, certificate in early childhood education working as an ECDE teacher. She is 54 years old. She is the Board Chairperson and oversee all the subcommittee- Finance & Purpose and Infrastructure and Development.
2.	 Fred Witaba – Vice Chair	Fred Witaba holds a bachelor of Business Administration and Management. He is 58 years old and a business man. He also serves as the Chair of the Infrastructure and Development Committee and member to full board committee
3.	Kenneth Mburu - Member	Kenneth Mburu is 31 years old. He has ‘O’ level qualifications working as a Business Man and served as a Member Finance Committee-Youth Leader
5		Khadija Shaban holds a Diploma in Social Community working as a Business Lady and also serving as the Chair of the Finance Sub Committee. She represents the faith based in the board. She is 50 years old.

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	Khadija Shaban- Member	
6	 Ezekiel Omboti – Member	Ezekiel Omboti is 67 years old. He has qualifications in East Africa Certificate. He is a retired Senior Chief working as a Member of the Finance Sub Committee. Has trained as chief management course at ADDC, Community development and administration at KSG Baringo and on resource mobilization.
7.	 Alex Thuita - Member	Alex Thuita is 41 years old. is an ex officio member in the board representing the area MCA in the development matters in the hospital. He has 'O' level qualifications working as a Business.-He is a Member of the development Sub Committee.
8.	 Kezziah Akinyi Okumu	Kezziah Okumu is 50 years old. She holds a Diploma in Community Health and trained at Tracom college as a Nurse assistant. She is as a nominated MCA and a business woman. and a business woman serving as a Member of the Development Sub Committee.

9.	 Cynthia Chebii – Secretary	Cynthia Chebii is medical superintendent and secretary to the board. of the hospital and holds MSc. In Human Anatomy (On-going) with BSc. Clinical Medicine and community Health and Diploma in Clinical Medicine and Surgery. She is 39 years old
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4. Key Management Team

Ref	Management	Details
1.	 Cynthia Chebii – <i>Facility In-charge</i>	Cynthia Chebii is medical superintendent of the hospital and holds MSc. In Human Anatomy (On-going) with BSc. Clinical Medicine and community Health and Diploma in Clinical Medicine and Surgery.
2.	 Jesicah M Musisi – Hospital Administrator	Jessica Musisi, she holds Bachelor Degree Health Administration and an ongoing Masters ongoing in health system management. She has over 30 years work experience as a health administrator.
3.	 Anne Atonga – Nursing officer In-charge	Anne Atonga is the Nursing officer in charge and holds a Bachelor of science Degree in Nursing with work experience of 18 years.

4.	 Dr. Vora Chandni – Pharmacist Incharge	Dr. Vora Chandni holds a Bachelor degree in Pharmacy with 10 years working experience.
5.	 Mildred Ndeti– Lab tech in-charge	Mildred Ndeti holds a Diploma in Medical Laboratory Technology with 30 years of working experience and is in charge of the laboratory in the hospital also a member of KMLTTB
6.	 CPA Newton Karanja- Head of Accounting Unit	CPA Newton Karanja holds a Bachelor’s Degree in Agribusiness Management, and is Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He over 7 years of work experience. CPA Newton has held the position of Head of accounting unit since May 2025.

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7.z	 Gilbert Cherutoi- Public Health	Gilbert Cherutoi holds a Diploma in environmental health sciences from KMTC and the public health officer
8.	 Joyce Ngetich - Physiotherapist	Joyce Ngetich is the head of physiotherapy department and holds a Diploma in physiotherapy with 6 years' experience in the field.
9.	 Rachel Mwonge – Health Records and information management officer	Rachael Mwonge holds a Diploma in Health Records with 6 Years' experience in health records.

5. Chairman's Statement

It is my pleasure to present the Hospital's 2024/2025 annual report and Financial Statements. The Board of Management is proud of the achievements realized by the hospital in this period towards "A world class patient centred Specialized care Hospital". I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. These services include, Medical Consultations, Mother Child Health, Maternity services, Physiotherapy services, PMTCT services, Laboratory services, Services among others. Over time the facility has progressed from health centre to a level 4 hospital; as such with the support of the county there have been major renovation and hospital facelift to ensure the services match those of a Level 4 facility.

Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment as stipulated by the County government health systems, provides for regulation of health care services and health care service providers, health products and health technologies. The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the Board and staff as a whole remains focused on providing resources and supporting initiatives that will sustain Langa Langa Sub County Hospital in a leadership position in the healthcare sector.

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



.....
Martha Chesang

Chairman to the Board

Langa Langa Sub county Hospital

6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2024/2025. The report highlights the hospitals operational and financial performance including our areas of success and challenges.

Operational performance:

Langa Langa Sub- County hospital is a facility that is determined in expanding and improving the quality of care through the services offered at the facility. Currently the facility is offering a range of services in particular preventive care through our community health nurses in collaboration with our community health promoters, curative through our outpatient and maternity services and care specific services such as antenatal care and child wellness clinic services.

Through these services our facility was able to see a total of 65,724 clients in the financial year 2024/2025 against 39,421 who were seen in 2023/2024. There was a variance in the number of clients seen which we mainly suspect was due to the outpatient changes that were made to integrate fully all the services in outpatient. Through this system all outpatient services were automated which sealed some of the areas where there was revenue seepage and optimisation of charges in OPD which we also suspect contributed to the drop as well.

However, we were able to conduct one major in reach activity at the facility to sensitize the community to the services we are offering and the uptake was well noted. We have since then done one outreach which was targeting cervical cancer screening and another outreach that was targeting preventive care specifically vaccinations to both adults and children, care and treatment to a few clients and HIV screening and testing through an event planned and supported through the sub county.

In all the activities done this financial year it was made successful through the support of the following:

County government of Nakuru

The county government posted additional staff that allowed the facility to run OPD for 24hrs in some key areas specifically outpatient services. This has allowed to have a clinician on duty for 24hrs and basic nursing care to improve the quality of care offered to patients seeking services at night. Maternity services continue to run for 24hrs.

Health I.T/UTJ/USAID

Through the support of Health I.T and USAID Tujenge Jamii facilitated the facility to have an expanded Kenya EMR system which combined the two Kenya EMR systems running in OPD and CCC departments into one. This allowed Langanalanga to fully integrate OPD services and because the first facility that has fully integrated both systemically and physically combining OPD and CCC services to one, which allows one common flow of all patients seeking services at the facility.

Success

- We were able to also introduce additional key departments such as nutritional services which has allowed the facility to form and support key support groups of patients being seen for lifetime diseases specifically HIV/AIDs, group ANC, hypertension and diabetes. Through this group we plan to introduce further additional services based on the needs picked herein.
- The facility has also managed to have a clinician available for 24 hrs. Allowing for certain key services been made available all round the clock. However, due to staff shortages some departments are supported by the existing staff such as testing random blood sugar from the lab and availing emergency drugs from pharmacy since their numbers doesn't allow availability on call basis.
- The county government department of health has supported the hospital with a standby generator which is at 80% completion.
- Waste management incinerator by ministry of health(WHO) and is 90% complete waiting for official launching.
- The hospital management board has indentify lifewater to drill borehole at the hospital.
- The hospital is also in the process of installing 3 phase power to support the microwave shredder machine.

Challenges:

- One of the challenges facing the facility is the insecurity in the area bordering its surroundings, is located in the flamingo ward with the high dwellers being the member of the "confirm" criminal group. The hospital needs a perimeter fence with a razor wire.
- The challenge of staffing shortages has also affected the comprehensive availability of all services on 24 hrs basis. With Laboratory having to allow the clinical team on

duty to assist with random sugar testing and the pharmacy team availing a few medications that can support emergency response to patients.

- Our maternity services were also noted to be facing a challenge despite the high uptake of services for antenatal care, with the biggest reason being lack of a theatre available and lack of an ambulance on standby within the facility.

The Facility is continuously engaging the county department of health and local partners to source for funds that will allow the establishment of either or both of these key services.

Way forward:

- The facility is continuously working closely with the county government of Nakuru through the department of health to be able to find cordial ways in which services can be improved at the facility.
- Through the hospital board, they have approached and engaged various partners within the catchment area with proposals that will hopefully see collaborations towards improving the standard of care offered.
- The hospital management team is continuously on the lookout for partners and sponsors who can allow staff to improve on their services through suitable avenues that allow capacity building such as through sponsored education programs or sponsored attachments etc.

In conclusion Langa Langa Sub- County Hospital remains committed to providing high quality health care services to the community despite the challenges it faces. We have committed to ensuring there is notable progress and continuous improvement in quality of care despite all the shortcomings listed above. The staff is committed to working diligently observing the national values and principles of governance with the aim of making quality health care available to all.

Financial Review.

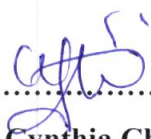
In order to meet the cost of operations and maintenance, the hospital relies on own source revenue, the largest component being user fee. During the year under review, the hospital generated Kshs 16,665,443.50 against a target of Kshs. 13,045,078.

Acknowledgment

Thousands of patients served are a living testament to the care, love and support offered every day by the outstanding commitment of our staff. We are grateful to our stakeholders for their

kindness, compassion, support, dedication and contributions to Langa Langa Sub County Hospital.

- To God for allowing us the opportunity to serve this community in our best ability, and for giving us wisdom in guiding us towards the same.
- To the national government through policies and guidelines with continuous support offer guidelines with the aim of improving the standard and quality of care offered to the clients seeking services in the hospital.
- To the county government of Nakuru through the ministry of health by offering guidelines and regular support supervision while ensuring all staff are up to date on the progress of work to ensure integrity is maintained while standards of care improve.
- Thousands of patients served are a living testament to the care, love and support offered every day by the outstanding commitment of our staff.
- To the staff working at Langa Langa Sub County hospital for the timely services they offer, the sacrifices they make to ensure quality services offered and for the eagerness towards improving the services offered at the facility.
- We are grateful to hospital board for the support at improving the standards of services offered at the facility through oversight and accountability to ensure wise utilisation of the facility funds and assist in resource mobilisation by engaging local institutions for public private participation activities within the hospital.
- Our stakeholders for their kindness, compassion, support, dedication, and contributions to Langa Langa Sub County Hospital.



.....
Cynthia Chebii

Secretary to the Board

Langa Langa Sub County Hospital

7. Statement of Performance against Predetermined Objectives

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

Langa Langa develops its annual work plans based on the above-mentioned pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below: Langa Langa Sub County Hospital has five strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

1. Clinical services
2. Health care financing
3. Infrastructure development
4. Leadership and governance
5. Health information

Langa-Langa Sub County Hospital develops its annual work plans based on the above five pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2024/2025 period for its five strategic pillars, as indicated in the diagram below.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health service delivery	Improve the standard of care offered to patients in outpatient department.	Improve efficiency in outpatient department.	Integration of health services per department.	- Reduce rates of Morbidity and mortality - Reduced patient waiting time

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		• Timely management of critical patients • Timely referral of critical patients who need specialised care.	• Monthly data review meetings • Daily patient health talks • Weekly CME meetings	• Reduced rates of discrimination based on disease (person centred care).
Health workforce	• Adopting new approaches to pre-service and in-service training; strengthening workforce management. • Establishing or improving	• Number of OJT that happen at the facility level. • Number of staff allowed to proceed for study leave within the year.	• Weekly CME/ patient response drills/ drills • Mentorship and trainings • Establishment of facility subcommittees to allow for cohesive	• Reduced patient waiting time • Reduced staff absenteeism • Positive client feedback post care.

	- g incentive s for addressin g distributi on and - Retention challenge s; or task- shifting	Number of staff debrief/ team building activitie s held in the past year.	ness at work.	
Health information systems	- Improved quality of data generated - Improved quality of data compilati on, - Regular analysis and synthesis of data generated - communi cation data generated	- minutes for monthly and quarterl y meeting s - duly filled, signed and approve d registers - updates and provisio n of annual	- Weekly review of data generate d - monthly data review meeting - quarterly planning and integratio n meeting. - Regular monitoring and evaluation of interlinked	- Standardised data uploaded to KHIS on time - Standard reporting from interlinked departments/re gisters

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	its and use	and monthly data per departm ent	departments to ensure quality of data is maintained	
Access to medical products and technologies	• Equitable access to essential medical products, vaccines and technologies • Availability of medical products that are quality, safety, efficacy and cost effective, • Scientific ally sound and cost-effective use of	• Reduced number of stock outs • Availability of essential drugs as per the national essential drug list. • Updated commodity registers	• Regular planning and ordering of drugs based on the facility top ten diseases, national essential drug list and existing stock outs. • Priority ordering from the government medical suppliers to allow purchase of standardised and more affordable commodities	• Round the clock availability of medical products and technologies • Improved patient experience to care. • Reduced percentage of stock outs

	medical products		Regular servicing of service delivery tools and equipment's	
Health system financing	- To raise sufficient funds and - To provide financial risk protection to the population. - Reduce wastage of products purchased for utilization in the facility.	- Improve d revenue collection, - Increase d fund pooling, - provisio n of services regardless of financial status - stores to issue supplies based on FIFO.	- ensure utilization of approved charges on goods and services offered at the facility. - Establish a waiver committee that will be engaged in case of a needy patient. - Engage local partners and sponsors to support and allow availability of subsidized/ improved	- Well displayed cost of services and charges in the departmental service charters. - Access to care to all patients. - Improved CSR support from local companies. - Reduce number of goods needed for disposal.

			quality of services and goods, • Sensitize patients on up take of NHIF services which allows access to care at a subsidized monthly contribution. • Monthly stock take in all departments and update of their status	
Leadership and governance	• Ensuring that strategic policy frameworks exist • Effective oversight, coalition-building,	• Availability of the various national and county facility guidelines	• National and county guidelines and policies in the custody of the relevant departments.	• Effective utilisation of funds available. • Interdepartmental services and linkages • Agreed consensus on facility

	regulation and attention to system design • Accountability.	es and policies • Transparency of FIF funds collected and their utilisation • Availability of a facility annual work plan guided by the county strategic plan to guide of planning and facility policy management.	• Monthly data review meetings. • Quarterly hospital management committee meetings. • Quarterly hospital board meetings.	development and growth in the current financial year and the projected growth in the next 5 years.
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8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value

and meeting their expectations. Our structures, procedures and processes are anchored on accountability,

transparency, responsibility and fairness which are the tenets of good corporate governance.

Through

the Board of Management, Langa Langa Sub County Hospital remains steadfast in complying with statutory requirements and the Code of Governance for State Corporations. Among others.

The Hospital Management Board works as the link between the hospital and the community it serves. It has the ultimate authority and responsibility for patient care and the overall quality of service in the hospital. To fulfil this responsibility the Health Management Board has the obligation to demonstrate leadership in determining priorities for the hospital that are consistent with the available resources.

However, the HMC doesn't perform the actual day-to-day work of the hospital but sees to it that such work is done by delegating tasks and authority to the HMTs.

Membership

The HMC consists of at least five (5) or seven (7) members of the committee appointed by the Governor. A member of the committee, a part from the ex-officio, holds office for a period of three (3) years and is eligible for a one (1) further term of three (3) years.

To the extent feasible, Board members are residents of the Sub-County or work in the hospital's service area.

The members were in place since 2018 Notice Vol.CXXV-No.249

The appointed members as follows:

The appointed members as per The Kenya Gazette notice Vol. CXXIV—No. 2 are as follows:



Ezekiel Omboti	<i>Member Finance</i>
Fred Witaba	<i>Member development</i>
<i>Medical Superintendent</i> Cynthia Chebii	<i>secretary</i>
<i>Chairperson</i> Martha Chesang	<i>Member with knowledge in Development</i>
<i>Women Groups Representative</i> Keziah Okumu	<i>Women Groups Representative</i>
<i>Faith-based organizations</i> Khadijah Shaban	<i>Faith-based organizations Representative</i>
<i>Youth Representative</i> Kenneth Mburu	<i>Youth Representative</i>
<i>Area MCA</i> Alex Thuitha	<i>Ex- Officio Member</i>

Roles and Functions of the Board:

The roles and responsibilities of the Board as set out in the Board Charter and includes:

- Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- Providing oversight in financial reporting to the Government and communication to stakeholders.
- Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- Overseeing business affairs of the Hospital in light of emerging risks and opportunities in collaboration with hospital management team.
- Approving annual and quarterly budgets.
- Ensure orderly conduct of business to serve the community satisfactorily.

- Provide oversight to the hospital management team to improve health status of the community.
- Serve as a link between the hospital and the community.

The Board provides oversight to Management and ensures that staff operates within the Code of Conduct and Ethics, Leadership Integrity Act.

The above roles and functions are made possible through various subcommittees specifically finance subcommittee, Quality of care subcommittee and infrastructure subcommittee which consist of members of the hospital board members and hospital management team.

1. Finance subcommittee:

- Khadija Shaban – chair
- Ezekiel Omboti
- Keneth Mburu
- Martha Chesang
- Medical superintendent
- Hospital accountant
- Facility procurement officer
- Hospital Administrator

2. Quality of care subcommittee

- Martha Chesang – Chairperson
- Fred Witaba
- Medical Superintendent
- Nursing in charge
- Laboratory in charge
- Hospital administrator

3. Infrastructure subcommittee

- Fred Witaba – Chairperson
- Alex Thuita
- Martha Chesang

- Medical superintendent
- Hospital administrator

The Board provides oversight to Management and ensures that staff operates within the Code of Conduct and Ethics, Leadership Integrity Act,

Board Meetings and Attendance

The Health Management Board convenes once per quarter in each Financial Year unless it is an ad hoc Board (Four Full Board Meetings a year).

The attendance was as follows:

Name	Role	Attendance
Martha Chesang	Chairperson	4 out of 4
Fred Witaba	Member	4 out of 4
Keziah Okumu	Member	4 out of 4
Ms Cynthia Chebii	Secretary	4 out of 4
Khadijah Shaban	Women Groups Representative	4 out of 4
Khadijah Shaban	Faith-based organizations Rep	4 out of 4
Keneth Mburu	Youth Representative	3 out of 4
Alex Thuita	Ex- Officio	4 out of 4

Board Remunerations

The following schedule, determined by the Leadership and Governance Committee under the leadership of CECM Health Services, shows compensation by type paid to the Health Management Board members at each committee meeting attended.

Ethics and Conduct:

- The board upholds high ethical standards and a code of conduct that guides the behaviour of its members.
- They specifically plan, manage and monitor the utilisation of user charges guided by:
 - Public health Act (Cap 242) legal notice No. 162
 - Government financial management Act (Cap 412B), Legal Notice No. 155

- Public finance management Act 2012, Section 109 (b)
- They improve overall governance and ensure effective management of resources at health facility level.

Governance Audit

During the quarterly board meetings, the members do a comprehensive review and evaluation of an organisation's governance framework, processes, and practices. The main purpose of this audit being to assess the extent to which an organisation adheres to its established governance principles, guidelines, and regulations. This is done through a performance report from the secretary of the board, which is then evaluated, discussed and recommendations given to the hospital management team for absorption.

9. Management Discussion and Analysis

LangaLanga Sub County Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans, especially in flamingo ward, kivumbini ward the entire Nakuru town east and part of Nakuru west Counties. Services include, MCH, outpatient, physiotherapy, maternity and other services. The hospital also provides clinical support services that include, laboratory, pharmacy and x ray services.

The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and frequent industrial actions as well as political arena challenges.

It is with pleasure that we present the Hospital's 2024/2025 fourth quarter report and Financial Statements. The Board of Management and hospital management is proud of the achievements realized by the facility in this period towards "A patient centred comprehensive care Hospital". I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. These services include, Medical Consultations, Nutritional services, Mother Child Health, Maternity services, PMTCT services, Laboratory services, among others. Over time the facility has progressed from a health centre to a level 4 hospital as such with the support of the county there have been major support and hospital facelift to ensure the services are progressively matching those of a Level 4 facility.

Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment as stipulated by the County government health systems, provides for regulation of health care services and health care service providers, health

products and health technologies. The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the Board and staff remain focused on providing resources and supporting initiatives that will sustain LangaLanga Sub County Hospital in a leadership position in the healthcare sector.

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

Centres of excellence

The hospital plans to establish centres of excellence in the outpatient services offered. The centres of excellence will work to provide a one stop service for the increasing cases of diseases seen at the facility. This will see an improvement in the existing departments as well as introduction of key departments through the guidance of the county government and the support of partners. Guided by the facility's annual work plan, available resources and support of the county government of Nakuru we have seen introduction of a new X ray machine to improve the laboratory services offered.

Embracing Technology to Advance Patient Care

The use of ICT is a priority for Langa Langa Hospital as reflected in Kenya's ICT Master Plan and need to automate systems to enhance efficiency in services delivery. Towards this, the hospital was earmarked for piloting the Kenya EMR system, donor supported through the county ministry of health.

The county was able to carry out a business reengineering with the view of aligning all hospital processes in readiness for automation. This process culminated in the development of

specifications for robust hospital information management system and corresponding enterprise resource planning (ERP) systems. Kenya EMR was installed in the facility which was placed in select departments for efficient service delivery in all areas served within LANGALANGA Sub County Hospital. The system was user friendly and with the support of the county ministry of health and partners made it quite cost effective with little to no cost of maintenance.

The facility with the support of the county department of ICT transitioned fully to use of the expanded Kenya EMR system in the outpatient department. However, we still have a challenge of in cooperating the system in maternity, CWC, MCH and ANC services, something that is currently been addressed by the developers. The facility with the support of partners was able to integrate the Kenya EMR plus that was in outpatient department with the CCC Kenya EMR system and we now have one channel of reviewing all clients, monitoring and accountability as well as one system of referral for the clients in need of the said services. This has allowed the integration of services where all clients including those of the special clinics can be seen through one system.

We are now working towards integrating the mpesa pay bill system into the expanded Kenya EMR system to allow auto reflection of payments thus ensure accountability of all payments done through one system.

Once established, we are hoping to get donor support for additional desktops to allow use of the system in the child welfare clinic, antenatal clinic and the family planning department next.

Effective Communication

Langa Langa Hospital is putting great emphasis in improvement of communication with our patients, their families, and other stakeholders in an effective and timely manner.

To this end, we have continued to train our staff on customer care and effective communication while upholding the highest standards of care.

We have strengthened customer care services in the facility with the provision of a complaints box right at the entry of the facility and provision of a grievances book has been made available at the hospital administrators' office which addresses grievances on time and ensures timely solutions to challenges as they are raised.

There is a facility committee established to assess and discuss complaints and grievances as they arise with an aim of setting up systems that work at improving patient care and handling.

The facility also works closely with the 10 community health promoters who serve as a link between clients in the community and the facility to be able to reach the administration on time to assist in provision of timely and quality services to clients seeking services in the facility.

Through the office of the public health the hospital administration purposes to attend community Baraza meetings with an aim of improving the relationship between the community and the facility by creating a system of openness and accountability thus encouraging the community to seek services in the facility.

The hospital members of the board work as the champions of the facility to the community to ensure we maintain the goodwill with the surrounding community and ensure there is bilateral communication from the hospital to the community and vice versa.

Clinical/operational performance

Overall patient attendance

The average patient attendance for the year 2024/2025 was 46,890 outpatients and 460 in-patients. The Hospital's patient attendance analysis over the last financial year is as depicted in the chart below.

Operational Performance:

Here, we present an overview of the hospital operational and financial performance from the past year. This includes details on key projects, compliance with statutory requirements, major risks, and other pertinent information.

Bed capacity of the hospital:

Overall, the facility has a bed capacity of 32 beds.

Patient Attendance

SERVICE	FY 2024/2025	FY 2023/2024
Outpatient Department	29319	18617
Family planning	2793	3108
Child welfare clinic	13275	14327
Antenatal clinic	3861	4233
Post-natal clinic	1582	1644
DELIVERIES	435	298
HIV testing	3131	3567
HIV patients on care	1552	1560
Food Handlers	3482	3567
Laboratory	31148	15600

Specialised clinic:

This is to capacity build the primary health care network and empower clients with long term diseases through incorporation of support groups.

Currently the existing support groups target: Hypertensive clients, diabetic clients, clients living with HIV/AIDS, antenatal mothers.

We were able to capacity build the team that reviews antenatal mothers and have them hold a weekly group ANC support group meeting.

The Nutritional department has established a clientele who are on follow up for nutritional deficiencies in the set-up clinic.

Admission Statics:

We are currently offering maternity services only as our in-patient care. We have 32 beds available for the above services. On average we admit one to two clients a day for delivery and or monitoring purposes.

Usually, post-delivery they are kept for monitoring purposes for 24hrs. We have about 50% bed occupancy rate.

Mortality Rate:

In the last financial year, we recorded no mortality case for patients above 5yrs.

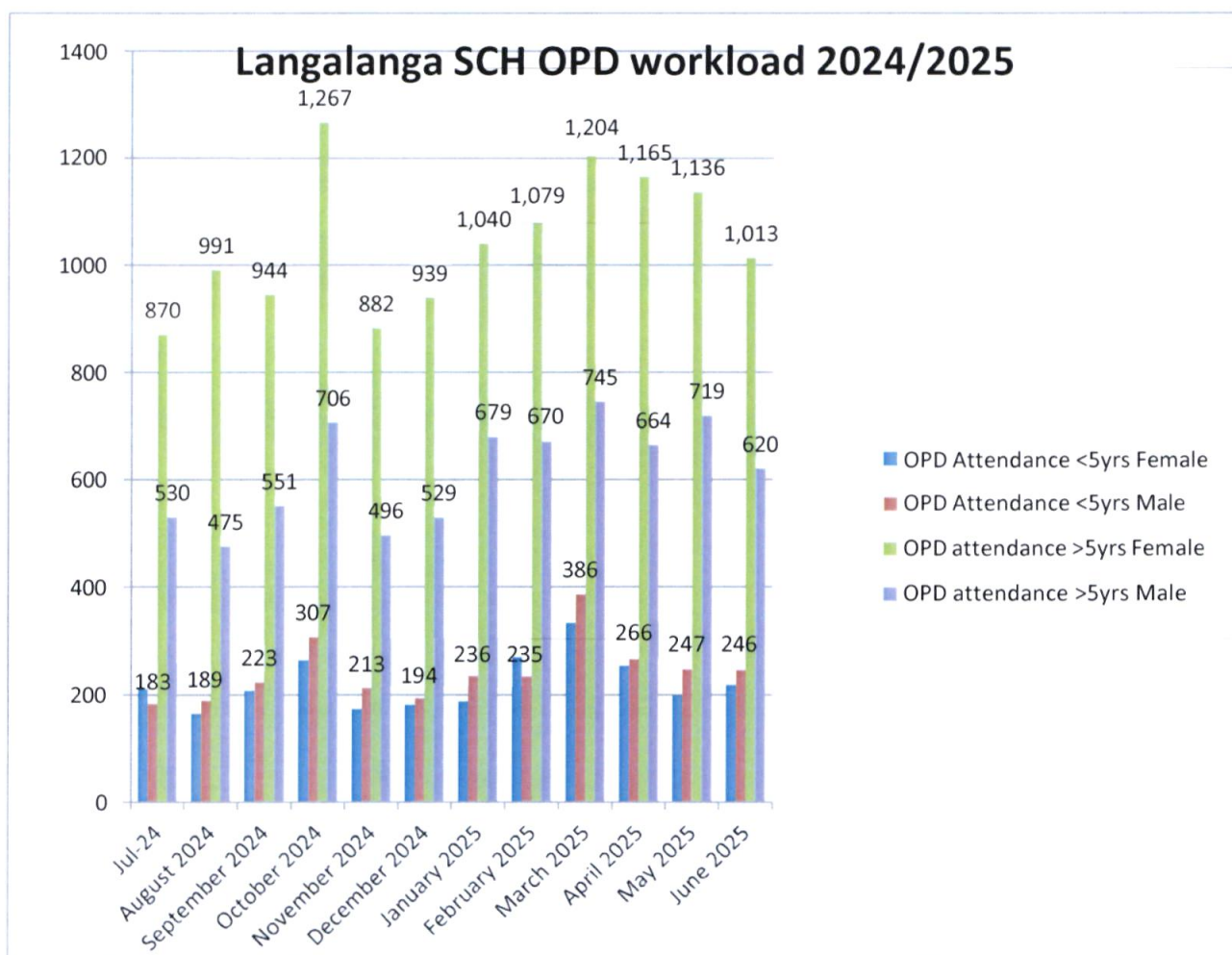
However, we recorded 1 fresh still birth case which was audited within 24hrs with recommendations taken up immediately to reduce the mortality rate. This is a reduction in cases reported from the previous financial year of 5 fresh still births and 2 macerated babies.

Disease burden:

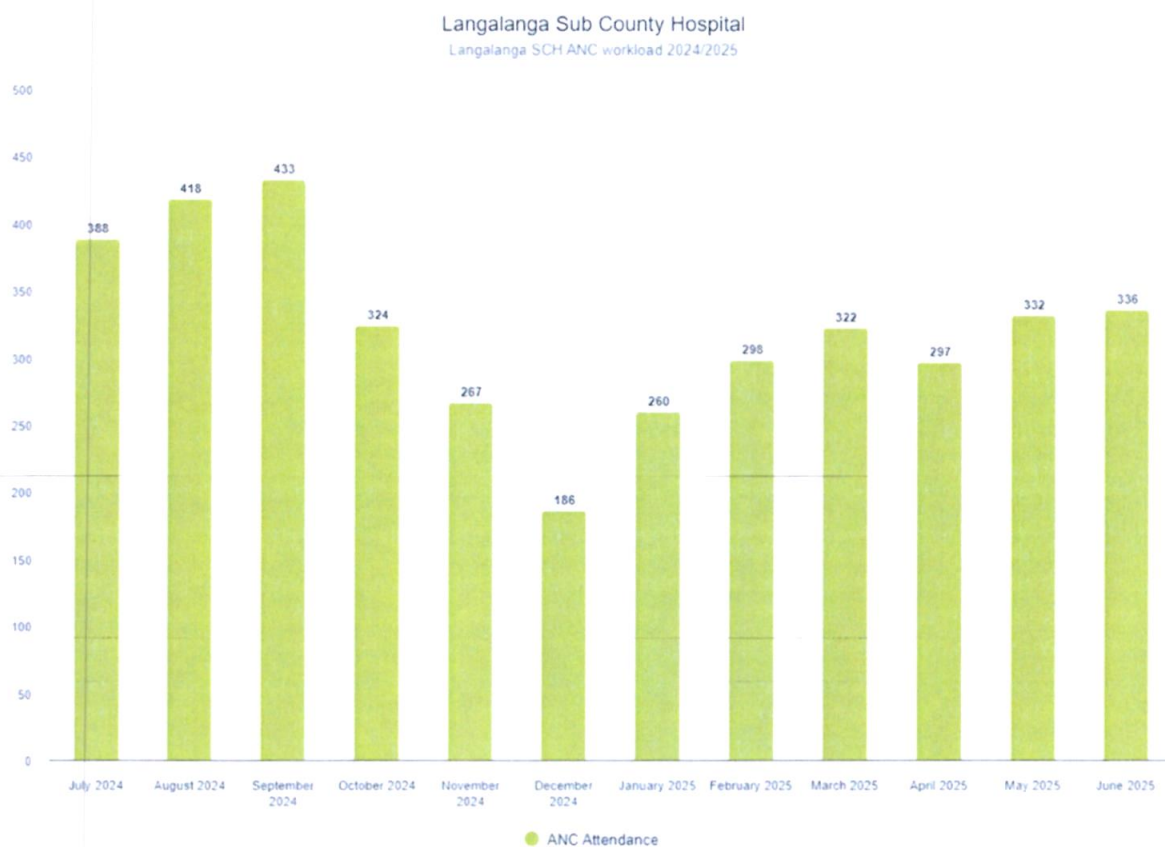
In the last financial year, the facilities disease burden was as summarised below:|

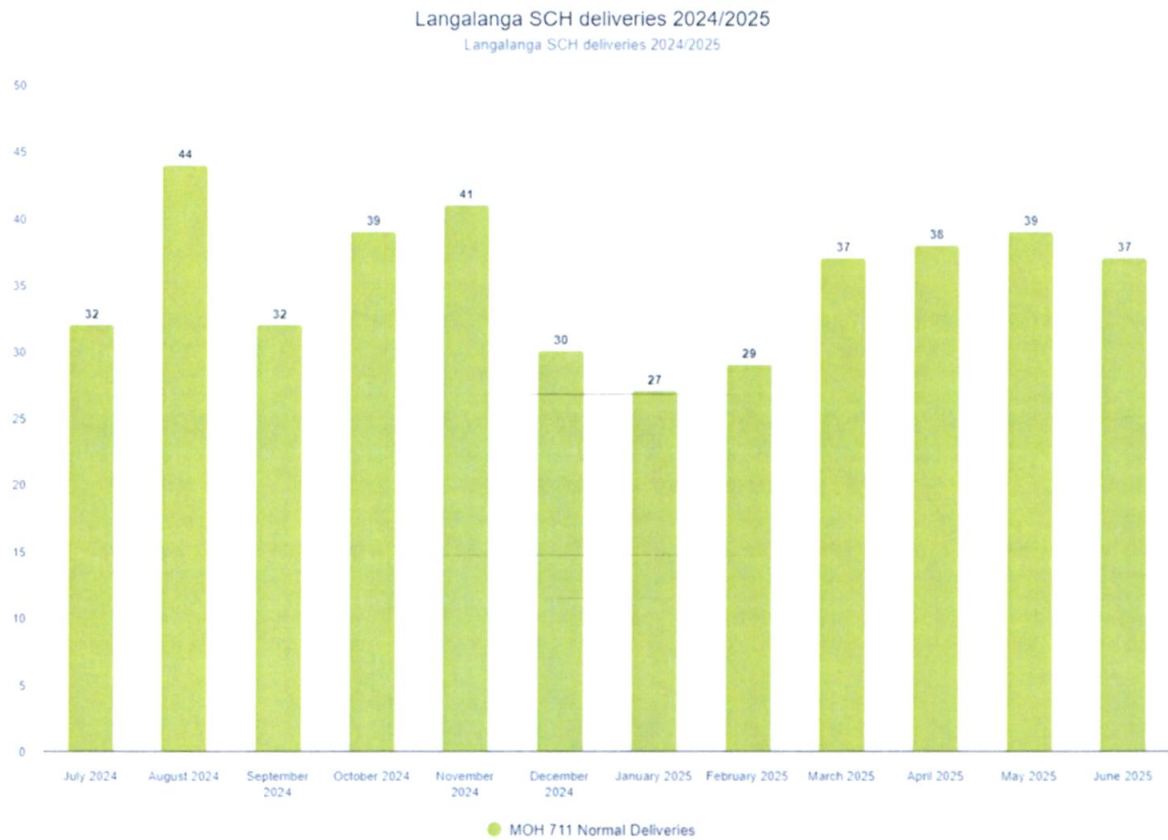
CLIENTS UNDER 5 YRS	Respiratory tract diseases
	Pneumonia
	Diseases of the skin
	Gastroenteritis/diarrhoea
	Tonsilitis
	asthma
	Sepsis
	Eye infections
	Injuries
	Urinary tract infections
CLIENTS OVER 5 YRS	Upper Respiratory tract infections
	Urinary tract infections
	HIV
	pneumonia
	Diseases of the skin
	Joint pains
	Injuries
	Asthma
	Enteritis/ diarrhoea

Key Performance Indicator	2024/2025	2023/2024
Bed Capacity	32	32
Total admissions	470	384
Outpatient Workload	65,724	45,502
Average Length of Stay (days)	1	1
Maternal Mortality Ratio per 100,000	0	0
Perinatal Mortality Rate per 1000 births	0.69%	1.14%



Langa Langa Sub County Hospital County Government of Nakuru)
Annual Report and Financial Statements for The Year Ended 30th June 2025





Key Hospital Projects

Compliance with Statutory Requirements:

The hospital maintains full compliance with all regulatory and statutory requirements, including licensing, safety, and healthcare standards. This is evidenced by the compliance certificates and licenses.

Upgrade to the Extended Kenya EMR system:

LangaLanga Sub County hospital through the support of the county underwent through a process of setting an I.T set up for the installation and utilisation of the extended Kenya EMR system which has been incorporated in key service areas of the hospital.

Since its installation we have succeeded to have the system fully utilised in the key areas of the hospital outpatient department.

We were then ear marked and had the system be upgraded to combine the Kenya EMR in the CCC department and the one that was in the outpatient department to have one comprehensive system where all clients can be seen through.

We are working towards an upgrade that will see the system integrated with mpesa services and with the community system handled by community health promoters to allow for smooth transfer of patients from the community to the hospital and from the hospital to the community.

We have engaged the county to also allow in cooperating private insurance companies to expand the scope of clients we see in the hospital.

With additional computers it will allow us to fully automate all the outpatient services including the antenatal, child welfare clinic and the family planning clinic.

We look forward to future system upgrades which will allow the integration of the facility Kenya EMR system to the community system being used by the facility attached community health promoters to allow for smooth referral from the community to the facility and back.

Integration of outpatient department:

With the integration of the Kenya EMR system the facility was able to plan and successfully manage to have integrated outpatient where all outpatient clients and the CCC clients are seen by the same staff without having a separate department responding to different groups.

This has worked to improve better utilisation of the staff already on the ground. There, is more efficiency in the quality of care offered as now clients are seen comprehensively with no duplication of work or different movements into the same department that is separated.

Introduction of new outpatient services:

With the support of the county government of Nakuru the facility has seen the introduction of nutritional services that has allowed a more comprehensive interaction for patients being seen in outpatient department as well as a comprehensive approach to treatment of patients, pregnant mothers and children seeking services at the facility.

The Lab department was able to purchase a hemogram machine to allow for more specialised tests done in their department with an aim of achieving the standard of laboratory services as per the laid down government protocols. This has allowed to have improved quality of care given to patients seeking services in the facility.

Introduction of 24 hr. emergency services:

Through the support of the county government the facility was able to provide 24hrs emergency services in the outpatient department and 24hrs maternity services. With additional staff the facility looks forward to comprehensive outpatient services and allow for more additional key departments with an aim of achieving health for all.

Challenges

the hospital is faced with numerous challenges in fulfilling its mandate.

- **Automation**

In a bid to ensure that LangaLanga Sub County Hospital provides efficient and effective services as well as provide the desired platform for clinical linkages, with other referral hospitals across the county, a business process re-engineering the inter-linkages in the

system among facilities should be carried out so that there is a robust ICT platform for ease of patient flow between supporting facilities within the government facilities.

The facility is working closely with the developers of the Kenya EMR system to allow for developing the system to be able to serve all the departments within the facility this will ensure full automation in all the areas of the hospital. With the main challenge been inadequate desktops to allow for full automation of all the departments available within the facility.

- **. Underprivileged and Indigents medical bills**

Most of the patients treated at LangaLanga Sub County Hospital are elderly who are dependants or are from low-income households. Therefore, a better number of them rely on the free services offered or utilise the exempted services with poor uptake of the charged services. Due to poor community education and hospital financial constraints, there is a challenge in a setting up and utilising an ideal waiving system and as such the various departments work with the budget allocated to have a certain amount set aside to utilise on waiver clients.

Due to this, the facility gets a challenge in effectively serve the diverse economic community it serves as there is notable stock out of consumables which worsens the already existing financial constraints being experienced.

- **. Inadequate development projects**

This is because of the inadequate finances and thus the development trajectory that was anticipated in the annual work plan was not achieved due to the above challenges.

- **Lack of essential services**

The Laboratory services are majorly rapid tests and microscopy with lack of services that can facilitate for specific patient care and as such creating a need for the clinical department referring clients for laboratory services which in turn leads to reduced confidence in the services offered at the facility.

10. Environmental And Sustainability Reporting

Langa Langa Sub County Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives.

The initiatives are aimed at improving lives and enhance engagement with the public. Central to this

philosophy is the commitment to enhance the quality of life of people from marginalized and vulnerable

communities, by empowering them and catalyzing change through creating awareness on diseases and

available interventions. The services provided are MCH talks, psychiatric trainings in schools and other educational institutions and outreaches.

i) Sustainability strategy and profile

Our hospital is committed to advancing green energy solutions and reducing reliance on firewood by introducing briquettes for cooking. This initiative will help decrease air pollution and create a healthier working environment for our kitchen staff.

ii) Environmental performance

Langa Langa Sub-County Hospital is dedicated to environmental sustainability and minimizing its ecological footprint. Our efforts include:

- **Energy Efficiency:** We aim to reduce energy consumption by turning off lights when not in use and adopting energy-efficient practices to improve hospital economics.
- **Water Conservation:** We are implementing low-flow taps and outlets to minimize water usage.
- **Waste Management:** We promote responsible waste management through recycling and proper disposal. Recyclable equipment and supplies are prioritized, and single-use plastics, such as syringes, are disposed of safely to protect the environment. We have an incinerator that does all that at our facility.
- **Waste Segregation:** The Infection and Prevention Control (IPC) committee, along with public health officers, encourages proper waste segregation using designated bins. Hospital waste is incinerated, and ash is disposed of in a designated pit. We are looking forward into

a modernised incineration that will serve the entire Nakuru East community to offload the NCTRH

iii) Employee welfare

Ensuring employee welfare is crucial for delivering quality healthcare services. Our approach includes:

- **Equal Employment Opportunities:** We promote inclusivity during hiring by offering equal opportunities to all candidates. We work with relevant stakeholders to ensure compliance with hiring practices and remuneration guidelines.
- **Professional Development:** Staff members are encouraged to take study leave and attend seminars and training for career advancement.
- **Recognition and Rewards:** At the end of each year, we recognize and reward outstanding employees to motivate others.
- **Performance Appraisal:** We conduct regular performance appraisals, with supervisors reviewing staff performance according to set timelines.
- **Compliance with OSHA:** We adhere to the Occupational Safety and Health Act of 2007 (OSHA) to ensure a safe working environment. Support staff are provided with appropriate protective gear, and incidents are reported, investigated, and addressed with corrective actions.

iv) Market place practices-

The organisation should outline its efforts to:

- **Responsible competition practice.**
Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.
- **Responsible Supply chain and supplier relations**
Explain how the organization maintains good business practices, and treats its own suppliers responsibly by honoring contracts and respecting payment practices.
- **Responsible marketing and advertisement**
Outline efforts to maintain ethical marketing practices.

- **Product stewardship**

Outline efforts to safeguard consumer rights and interests.

Maintaining ethical standards and fair competition is essential for a transparent healthcare environment. Our practices include:

- **Anti-Corruption Measures:**

- **Code of Conduct and Ethics:** All staff members adhere to a country-wide code of conduct that prohibits corruption and bribery.
- **Vendor and Supplier Screening:** We use a pre-qualified list of suppliers to limit corrupt practices.

- **Fair Competition:**

- **Fair Pricing and Billing:** We ensure transparent pricing and billing through an electronic records management system with pre-set service rates.
- **Non-Discrimination:** We provide equal access to healthcare services for all patients, regardless of background, race, religion, or economic status.

We also prioritize good business practices and responsible supplier relationships. We follow a FIFO (First In, First Out) system for clearing supplier contracts and strive for timely payments despite financial constraints. Our procurement process is transparent to avoid favouritism.

v) Corporate Social Responsibility / Community Engagements

Langa Langa sub-county Hospital actively participates in Corporate Social Responsibility (CSR) activities to benefit the community:

- **Community Screening:** In collaboration with Community Health Promoters (CHPs), we provide free check-ups, vaccinations, and health education to improve access to healthcare and early disease detection in marginalized communities.
- **Health Education:** We conduct outreach programs in schools and communities to increase health literacy, promote healthier lifestyles, and reduce disease prevalence.
- **Partnerships:** Through collaborations with charitable organizations such as UTJ (Usaid Tujengee Jamii), we support vulnerable groups, including those with TB and HIV, by providing free medications, transportation, and home visits for additional support.

Langa-Langa Sub-County Hospital remains committed to these sustainability and community engagement efforts to ensure a positive impact on both our patients and the environment.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are is to optimize patient experience through innovative, evidence based specialized health care, facilitate training and research, and participate in national health policy formulation.

Results

The results of the entity for the year ended June 30th 2025 are set out on pages 1 to 8.

Board of Management

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

Auditors

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.

By Order of the Board

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Cynthia Chebii

Secretary to the Board

Langa Langa Sub county Hospital

12. Statement of Board of Management's Responsibilities

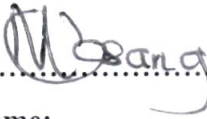
The Board of Management is responsible for the preparation and presentation of the Langa Langa sub-county hospital financial statements, which give a true and fair view of the state of affairs of the Langa Langa sub-county hospital for and as at the end of the financial year (period) ended on June 30, 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 LangaLanga sub county 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 Langa Langa Sub County hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Langa Langa Sub County hospital financial statements give a true and fair view of the state of Hospitals transactions during the financial year ended June 30, 2025, and of Langa Langa Sub County hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Langa Langa Sub County hospital, which have been relied upon in the preparation of the 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 *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 20/08/2025 and signed on its behalf by.

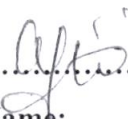
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Name:

Martha Chesang

Chairperson

Board of Management

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Name:

Cynthia Chebii

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 LANGA LANGA SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

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 that 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 Langa Langa Sub County Level 4 Hospital set out on pages 1 to 67, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement

of changes in net assets, statement of cash flows and the 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 Langa Langa Sub County Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial performance reflects repairs and maintenance amount of Kshs.427,472. However, the corresponding Note 19 to the financial statements indicated a balance of Kshs.396,900 resulting in an unexplained variance of Kshs.30,572.

The statement of changes in net assets reflects capital fund closing balance of Kshs.78,881,221. However, the recomputed amount is Kshs.80,767,497 resulting in an unexplained variance of Kshs.1,886,276. Further, the nature, break down and supporting workings of the capital fund balance of Kshs.78,881,221 have not been provided for audit verification.

The statement of cash flows reflects purchase of property, plant and equipment amount of Kshs.1,399,412. However, Note 32 to the financial statements reflects assets additions of Kshs.415,840 during the year resulting in an unexplained variance of Kshs.983,572.

Note 43 to the financial statements reflects net cash flows from operating activities amount of Kshs.1,373,087. However, the recomputed amount is Kshs.4,748,904 resulting in an unexplained variance of Kshs.3,375,817. Further, the Note has not indicated the effect of the movements of receivables, inventories and payables on the cash flows of the Hospital.

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

2. Unsupported Revenue from Rendering of Services -Medical Service Income

The statement of financial performance reflects rendering of services -medical service income amount of Kshs.16,665,444 as disclosed in Note 11 to the financial statements. However, the revenue ledger provided for audit included receipts of Kshs.9,797,556

which were not broken down in respect of individual customers, the nature of service rendered and the amount charged for each service making it difficult to reconcile the records with the bank statements. Further, it was observed that the revenue ledger includes receipts amounting to Kshs.6,867,887 from Social Health Authority (SHA). However, there was no break down provided for the customer invoices that were being offset by the funds.

In addition, it was observed that there were no approved price tariffs for the services rendered by the facilities and therefore it is not clear on the medical services were quantified.

In the circumstances, the accuracy and completeness of rendering of services -medical service amount of Kshs.16,655,444 could not be confirmed.

3. Unsupported Board of Management Expenses

The statement of financial performance for the year ended 30 June, 2025 reflect Board of Management expenses amount of Kshs.405,300 as disclosed in Note 17 to the financial statements. However, the amount was not supported with the Board calendar, Board attendance register, Board charter, schedule of committee members paid and meetings attended.

In the circumstances, the accuracy, completeness and propriety of Board of Management expenses amounting to Kshs.405,300 could not be confirmed.

4. Unsupported Depreciation and Amortization Expense

The statement of financial performance under Note 18 of the financial statements reflects depreciation and amortization expense amount of Kshs.1,364,411 charged for the year ended 30 June, 2025. However, the adopted method of depreciation and applicable rates by Management was not disclosed in the Notes to the financial statements. In addition, the analysis of depreciation charged for the respective assets were not provided for audit verification.

In the circumstances, the accuracy of the depreciation and amortization expense of Kshs.1,364,411 could not be confirmed.

5. Unsupported Repairs and Maintenance Expense

The statement of financial performance and Note 19 to the financial statements reflect repairs and maintenance expenses amounting to Kshs.427,472 in respect of repairs of buildings and office equipment. However, Management did not provide pre-inspection reports to confirm the need for repairs and post-inspection reports to confirm whether the repairs were undertaken as required on the property plant and equipment. Further, repairs on property plant and equipment were made on imprest basis instead of giving out quotations to pre-qualified suppliers dealing with repairs of machinery and motor vehicles.

In the circumstances the accuracy, completeness and propriety of the repairs and maintenance expenses amounting to Kshs.427,472 could not be confirmed.

6. Unsupported General Expenses Amount

The statement of financial performance reflects general expenses amounting to Kshs.3,723,364 as disclosed in Note 21 to the financial statements. Included in the amount is water and sewerage expenditure amounting to Kshs.555,927. However, an expenditure of Kshs.455,927 was not supported with payment vouchers or the relevant supporting documents such as water invoices, receipts or approvals.

In the circumstances, the accuracy, completeness and propriety of the general expenses totalling Kshs.455,927 could not be confirmed.

7. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.74,306,532 as disclosed in Note 32 to the financial statements. Review of records revealed that there were transfers of assets from the County Government of Nakuru valued at an amount of Kshs.44,672,809, Kshs.27,648, Kshs.693,933, Kshs.301,790 and Kshs.990,000 in relation to land, buildings and civil works, furniture and fittings, information computer and technology (ICT) equipment and plant and medical equipment respectively. However, the balances were not supported with the respective detailed schedules, ownership documents and valuation reports.

In addition, Note 31 to the financial statements reflects a balance of Kshs.2,632,463 in relation to cumulative depreciation for the assets as at 30 June, 2025. However, Management has not provided the basis for the computation of the depreciation on the Hospital's assets.

Further, the balance of Kshs.74,306,532 includes purchased computer hardware at a cost of Kshs.415,840. The payments were made through payment voucher numbers 2 and 18 dated 20 February, 2025 and 22 May, 2025 respectively. However, the procurement documents indicating the process of identification of the supplier were not provided. It was also observed that the payment vouchers were not supported by requisition notes, Local Purchase Order or contract agreement, delivery notes, counter receipt vouchers and inspection and acceptance minutes to show that the computers were actually purchased and met the required technical specifications.

In the circumstances, the accuracy, completeness, valuation and ownership of property, plant and equipment balance of Kshs.74,306,532 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Langa Langa Sub – County Level 4 Hospital – County Government of Nakuru Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in

accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital for the financial year 2024/2025 revealed that several matters remained unresolved as detailed in **Appendix 1**.

Other Information

Management is responsible for the Other Information set out on page iv to li which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Accounts Payable

The statement of financial position and Note 36 to the financial statements reflects a balance of Kshs.3,822,606 as trade and other payables. Review of the aging analysis revealed that the balance of Kshs.3,822,606 has been outstanding for over one (1) year.

In the circumstances, the Hospital's inability to settle long outstanding debts may indicate liquidity issues or a potential going concern problems.

2. Inadequacies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. This was due to lack of staff in the categories of; medical officers, anesthesiologists, general surgeons, gynecologists, pediatricians and radiologists. Further, there were deficits in staffing of Kenya Registered Community Health nurses. In addition, there was inadequacy in the services offered including radiology, renal dialysis, mortuary and autopsy services, beds, resuscitaire two (2) in labour ward and one (1) in theatre, new born unit - incubators and five (5) cots, functional intensive care unit – beds capacity, high dependency unit, renal unit with at least 5 dialysis machines, and at least two functional operating theaters in maternity and general.

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 Hospital will not be able to deliver on its mandate.

3. Irregular Procurement of Diagnostic Ultra Sound System

The statement of comparison of budget and actual amounts actual capital expenditure of Kshs.1,399,412 for the purchase of a diagnostic ultrasound system. Review of records revealed that the Hospital paid the amount of Kshs.1,399,412 to a Company for the delivery of diagnostic ultrasound system. However, it was observed that none of the

payment vouchers was supported with original Local Purchase Order (LPO), requisitions, a copy of the contract agreement and inspection and acceptance minutes. Further, it was observed that the invoices and delivery notes were for the year under review. However, the copies of the counter receipt vouchers or S13 forms were for prior years which indicates that the equipment was taken on charge before they were delivered.

In the circumstances, the regularity of the capital expenditure of Kshs.1,399,412 for the purchase of a diagnostic ultrasound system could not be confirmed.

4. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs amounting to Kshs.52,059,786 which as disclosed in Note 16 to the financial statements includes an amount of Kshs.2,776,747 in respect of payments to casual and contractual staff. Review of records revealed that Management engaged various casual workers for more than three (3) months during the year under review. This was contrary to Section B.16(1) of the County Public Service Human Resource Manual, May 2013 which states that casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act (2007).

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

5. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed Langa Langa Sub County Level 4 Hospital collected an amount of Kshs.15,531,168 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.15,531,168 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.13,045,078 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.2,486,090. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 an Audit Committee and Internal Audit Function

During the year under review, the Hospital had not established an audit committee and did not have an internal audit function in place. This was contrary to Regulations 155 (2) and 167(1) of the Public Financial Management (County Governments) Regulations, 2015.

In the circumstances, the Hospital did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Weak Information Communication and Technology Internal Control Environment

Review of the ICT systems and structures in place, revealed that there was no approved Information, Communication and Technology (ICT) policy, approved IT strategic committee, risk management policy and a strategic and recovery plan. In addition, there were no formal and documented emergency procedures and IT continuity plan. It is not clear why Management has not implemented ICT asset management policies despite continuous use of ICT equipment such as laptops and desktops.

In the circumstances, the effectiveness and security of Information Communication Technology (ICT) internal control environment within the Hospital could not be confirmed.

3. Lack of a Fraud Management Policy

The Hospital did not have in place fraud management policy to assist in detecting and preventing fraud during the year under review. It is therefore not possible for Management to put any measures that could assist in detection and prevention of fraud. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that, the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and the county government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management strategies by the Hospital could not be confirmed.

4. Lack of Risk and Disaster Management Policy

Available information indicated that the Hospital has not established a risk management and disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure, strategies and a risk register to mitigate against risk.

In the circumstances, the effectiveness of operational processes and procedures geared towards provision of health services in the Hospital could not be confirmed.

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

Responsibilities of the Management and 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

04 December, 2025

Appendix 1 - Unresolved Prior Year Matters

1	2023-2024	Inaccuracies in Financial Statements
2	2023-2024	Unsupported In-Kind Contributions from the County Government
3	2023-2024	Unsupported Board Expenses
4	2023-2024	Variance Between the General Expenses Amount and Ledger
5	2023-2024	Inaccurate Cash and Cash Equivalents
6	2023-2024	Unsupported Inventories Balance
7	2023-2024	Unsupported Property, Plant and Equipment
8	2023-2024	Lack of Quarterly Revenue Reports
9	2023-2024	Irregular Engagement of Casuals
10	2023-2024	Non-Remittance of Revenue to the County Revenue Fund
11	2023-2024	Lack of an Annual Procurement Plan
12	2023-2024	Deficiencies In Implementation of Universal Health Coverage
13	2023-2024	Presentation and Accuracy Financial Statements
14	2023-2024	Failure to Tag Assets
15	2023-2024	Lack of an Audit Committee and Internal Audit Function

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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	-	-
In- kind contributions from the County Government	7	50,483,039	46,709,003
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		50,483,039	46,709,003
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	16,665,444	12,189,213
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		16,665,444	12,189,213
Total revenue		67,148,483	58,898,216
Expenses			
Medical/Clinical costs	15	5,783,657	6,142,590
Employee costs	16	52,059,786	45,353,638
Board of Management Expenses	17	405,300	400,000
Depreciation and amortization expense	18	1,364,411	1,344,221
Repairs and maintenance	19	427,472	104,000
Grants and subsidies	20	-	-
General expenses	21	3,723,364	4,625,468
Finance costs	22	-	-
Total expenses		63,763,990	57,969,917
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-

	26		
Impairment loss		-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		3,384,493	928,299

The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 30586

.....
Medical Superintendent

Langa Langa Sub County Hospital County Government of Nakuru)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

15. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,379,258	2,405,583
Prepayments	28	-	-
Receivables from exchange transactions	29	7,699,299	4,001,220
Receivables from non-exchange transactions	30	-	-
Inventories	31	2,631,530	4,175,573
Total Current Assets		12,710,087	10,582,376
Non-current assets			
Property, plant, and equipment	32	74,306,532	73,901,609
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		74,306,532	73,901,609
Total assets (A)		87,016,619	84,483,984
Liabilities			
Current liabilities			
Trade and other payables	36	3,822,606	2,788,188
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		3,822,606	2,788,188
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-

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Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		3,822,606	2,788,188
Net assets (A-B)		83,194,013	81,695,796
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,312,792	928,299
Capital Fund		78,881,221	80,767,497
Net Assets		83,194,013	81,695,796

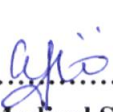
The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No: 30552



 Medical Superintendent

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)	-	1,419,811	51,017	1,470,828
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	928,299		928,299
Capital/Development grants	-		80,767,497	80,767,497
As at June 30, 2024 (previous year)	-	928,299	80,767,497	81,695,796
				-
At July 1, 2024 (current year)	-	928,299	80,767,497	81,695,796
Revaluation gain				
Surplus/(deficit) for the year		3,384,493		3,384,493
Capital/Development grants			-	-
At June 30, 2025 (current year)		4,312,792	78,881,221	83,194,013

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		13,045,078	8,309,293
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)			
Total Receipts		13,045,078	8,309,293
Payments			
Medical/Clinical costs		3,872,402	1,268,000
Employee costs		2,369,336	1,258,558
Board of Management Expenses		405,300	300,000
Repairs and maintenance		427,472	104,000
Grants and subsidies		-	-
General expenses		4,597,481	4,330,356
Finance costs			-
Refunds paid out			-
Total Payments		11,671,991	7,260,914
Net cash flows from operating activities	43	1,373,087	1,048,379
Cash flows from investing activities			-
Purchase of property, plant, equipment & intangible assets		(1,399,412)	-
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net cash flows used in investing activities		(1,399,412)	-
Cash flows from financing activities			

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Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(26,325)	1,031,217
Cash and cash equivalents as at 1 July 2024	27	2,405,583	1,374,366
Cash and cash equivalents as at 30 June 2025	27	2,379,258	2,405,583

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	2,405,583	-	2,405,583	2,405,583	-	100%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	13,045,078	-	13,045,078	13,045,078	-	100%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	
Total receipts	15,450,661	-	15,450,661	15,450,661	-	0%
Payments						
Medical/Clinical costs	2,683,818	817,806	3,501,624	3,872,402	(370,778)	111%
Employee costs	1,786,740	26,503	1,813,243	2,369,336	(556,093)	131%
Remuneration of directors	400,000	100,000	500,000	405,300	94,700	81%
Repairs and maintenance	430,000	55,000	485,000	427,472	57,528	88%
Grants and subsidies	-	-	-	-	-	
General expenses	3,854,216	1,406,274	5,260,490	4,597,481	663,009	87%
Finance costs	-	-	-	-	-	
Refunds	-	-	-	-	-	
Total Operational Expenditure paid	9,154,774	2,405,583	11,560,357	11,671,991	(111,634)	101%
Capital Expenditure paid	1,636,724	-	1,636,724	1,399,412	237,312	86%
Surplus	4,659,163	-	2,253,580	2,379,258	-	

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Medical/Clinical Costs (111%) – Overutilization due to increased consumption of medical supplies and higher patient volumes.

Employee Costs (131%) – Overutilization.

Remuneration of Directors (81%) – Underutilization.

Repairs & Maintenance (88%) – Underutilization

General Expenses (87%) – Underutilization.

Capital Expenditure (86%) – Underutilization

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,379,258
1	Reason for difference	0.0
2	Reason for difference	0.0
3	Reason for difference	0.0
4	Reason for difference	0.0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,379,258

19. Notes to the Financial Statements

1. General Information

Langa Langa Sub County Hospital entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the xxx County Government of Nakuru and is domiciled Nakuru County in Kenya. The entity's principal activity is xxx.

2. Statement of Compliance and Basis of Preparation

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

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	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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 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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS; - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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

Standard	Effective date and impact:
	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
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: 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 or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 24/25 was approved by Board on 4/7/24. 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 *entity* recorded additional appropriations of on the budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 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.

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

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.

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

Notes to Financial Statements Continued

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>)	-	-
	-	-
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	-	-

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
xx County Government	-	-	-	-	-
Total	-	-	-	-	-

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	49,283,039	44,095,080
Medical supplies-Drawings Rights (KEMSA)	1,200,000	2,613,923
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	50,483,039	46,709,003

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

8. Grants From Donors and Development Partners

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (specify)	-	-
Total grants from development partners	-	-

(Provide brief explanation for this revenue)

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

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

Notes to Financial Statements Continued

9. 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	-	-

10. Public Contributions and Donations

Description	FY 2024/ 2025	FY 2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

(Provide brief explanation for this revenue)

10 (a)Reconciliations of amortised grants

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceuticals	2,615,280	1,657,958
Non-Pharmaceuticals	-	1,217,125
Laboratory	3,229,001	2,458,060
Radiology	1,448,000	1,317,750
NHIF	-	28,500
Attachment	25,000	71,000
Family planning	52,100	26,500
Incineration	133,320	61,700
Medical report	673,200	172,750
Physiotherapy	352,700	263,880
Food handling	-	935,100
Referrals	-	33,970
Consultation	1,181,450	-
Antenatal Clinic & Mother Child Care	87,505	65,000
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer Centre service	-	-
Dental services	-	-
Reproductive health	-	-
Pediatrics' services	-	-
Farewell home services	-	-

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Other medical services income (<i>specify</i>) SHA	6,867,888	3,879,920
Total revenue from the rendering of services	16,665,444	12,189,213

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. 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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(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,043,655	455,000
Public health activities	-	-
Food and Ration	796,660	115,000
Uniform, clothing, and linen	60,000	-
Dressing and Non-Pharmaceuticals	665,462	220,000
Pharmaceutical supplies	482,422	400,000
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	410,000	70,000
Purchase of Medical gases	-	8,000
X-Ray/Radiology supplies	125,458	-
Other medical related clinical costs (KEMSA from county store)	1,200,000	-
from partners	-	-
from county stores	-	-
Total medical/ clinical costs	5,783,657	1,268,000

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries, wages, and allowances	2,776,747	1,258,588
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-

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Social contribution	-	-
Other employee costs (<i>in kind</i>)	49,283,039	-
Employee costs	52,059,786	1,258,588

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Chairman's Honoraria	-	400,000
Sitting allowance	325,500	
Mileage	-	-
Insurance expenses	-	-
Seminar, conference, training	79,800	
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	405,300	400,000

18. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant and equipment	1,364,411	1,334,221
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,364,411	1,334,221

19. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	336,900	104,000
Medical equipment	-	-
Office equipment	60,000	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	396,900	104,000

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

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

21. General Expenses

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Advertising and publicity expenses	-	582,274
Catering expenses	20,000	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	19,038	4,080
Conferences and delegations	-	-

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Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	598,375	585,000
Fuel and Lubricants	211,524	120,000
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	66,000	300,000
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	640,775	235,000
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	555,927	480,000
Skills development levies	-	-
Telephone and mobile phone services	30,000	50,000
Internet expenses	161,097	196,194
Staff training and development	187,000	-
Subscriptions to professional bodies	-	-
magazines, and gazette notices		
Library books/Materials	-	-
Parking charges	-	-
Bad debts w/o Medical equipment		1,307,920
purchase of firefighting equipment	-	
purchase of other office equipment	80,000	
Other Fuels (Wood, Charcoal,Cooking Gas e.t.c)	83,900	
supplies for computers and printers	70,000	
General office supplies	298,864	120,000
Contracted security guards	700,864	645,000
Total General Expenses	3,723,364	4,625,468

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22. Finance Costs

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

(Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. Gain/Loss on Disposal of Non-Current Assets

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain on Fair Value Investments

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. 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	-	-
Total Gain/Loss	-	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	2,379,258	2,405,583
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	2,379,258	2,405,583

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank	'01141506757000	2,379,258	2,405,583
Sub- total		2,379,258	2,405,583
b) On - call deposits			
Cooperative Bank		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-

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Sub- total		-	-
d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		2,379,258	2,405,583

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

28. Prepayments

Description	FY 2024/2025	FY 20023/2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	7,699,299	4,001,220
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	7,699,299	4,001,220

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

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2025	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,698,079	48%	-	-
Between 1- 2 years	4,001,220	52%	4,001,220	100%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	7,699,299	%	4,001,220	%

30. Receivables From Non-Exchange Transactions

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

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

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)	-	%	-	%

31. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	718,476	4,087,093
Non-Pharmaceutical supplies	437,731	
laboratory supplies	1,453,243	
ultrasound supplies	6,680	
Maintenance supplies	-	-
Food supplies	7,600	65,500
Linen and clothing supplies	-	12,970
Cleaning materials supplies	3,200	10,010
General supplies	4,600	-
Less: provision for impairment of stocks	-	-
Total	2,631,530	4,175,573

Detailed disclosure on inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Opening balance	4,175,573	-
Additional Inventory in the year	4,192,299	-
Inventory expensed in the year	(5,736,342)	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	2,631,530	-

Notes to the Financial Statements (Continued)

32. 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)	44,672,809	28,800,000	-	1,206,840	609,346	1,650,000	-	-	76,938,995
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024 (previous)	44,672,809	28,224,000	-	844,788	533,178	1,320,000	-	-	75,594,774
At 1 July 2025 (current year)	44,672,809	28,224,000	-	844,788	533,178	1,320,000	-	-	75,594,774
Additions	-	-	-	-	415,840.00	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	44,672,809	28,224,000	-	844,788	949,018	1,320,000	-	-	75,594,774
Depreciation and impairment									
At 1 July 2023 (previous year)		0.02	-	0.30	0.13	0.20		-	

Depreciation for the year		576,000	-	362,052		330,000	-	-	1,268,052
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		576,000	-	362,052	-	330,000	-	-	1,268,052
At July 2024 (current year)	0		-	0	0		-	-	-
Depreciation		576,000	-	150,855	307,556	330,000	-	-	1,364,411
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		1,152,000	-	512,907	307,556	660,000	-	-	2,632,463
Net book values									
At 30th Jun 2024 (previous)	44,672,809	28,224,000	-	844,788	609,346	1,320,000	-	-	75,594,774
At 30th Jun 2025 (current)	44,672,809	27,648,000	-	693,933	301,790	990,000	-	-	74,306,532

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (where investment property is at cost)	(-)	(-)
Impairment	(-)	(-)
At end of the year	-	-

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	FY 2024/2025		FY 2025/2026	
	KShs		KShs	
Trade payables	3,822,606		2,788,188	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	3,822,606		2,788,188	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/2024	% of the total
Under one year	-	%	-	%
1-2 years	3,687,606.00	96%	-	%
2-3 years	135,000.00	4%	-	%
Over 3 years	-	%	-	%
Total	3,822, 606.00	100%	-	%

37. 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:	FY 2024/2025	% of the Total	FY 2023/2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount & time value for money	(-)	(-)	(-)	(-)
Total provisions	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

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39. Finance Lease Obligation

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	(-)	(-)	(-)	(-)
Transfers to statement of financial performance	(-)	(-)	(-)	(-)
Other transfers (<i>Specify</i>)	(-)	(-)	(-)	(-)
Balance C/F	-	-	-	-

41. Borrowings

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	-	-

43. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	3,384,493	928,300
Adjusted for:		
Depreciation	1,364,411	1,344,220
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Decrease in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,373,087	2,272,520

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

Notes to the Financial Statements (Continued)

44. 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	4,001,220	-	-	-
Receivables from –non-exchange transactions	0	-	-	-
Bank balances	2,405,582	-	-	-
Total	6,406,802	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	7,699,299	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	2,379,258	-	-	-
Total	10,123,558	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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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 xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

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	(-)	(-)
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-%	-%

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

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

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

46. Segment Information

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

47. Contingent Liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

48. Capital Commitments

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

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.0 1	Inaccuracy in Financial Statements	Agreed on the above statement. However, we will restate the figures in the subsequent financial years to adjust account balances and financial statement items for all affected periods. A complete amended financial statement has been presented to the auditor general for review. This financial year been the last year of transition from cash basis to accrual, in future look forward for a relevant, comparable with minimal errors or zero errors.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 2	Unsupported in-kind contributions from the county government	The medical superintendent has initiated a follow up on the Authority to Incur Expenditure (AIE) for the in-kind contribution from the department for medical staffs and pharmaceuticals. The medical superintendent had engaged the county through the department of health requesting for a schedule to support the expenditure which was provided from the department. We have the delivery notes of items as in-kind contribution which bear prices of pharmaceutical and non-pharmaceutical items donated to the hospital from the department of health, County government of Nakuru.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 3	Unsupported board expense criteria	A schedule showing the members gazettelement, board charter, attendance, invitation for a meeting and payment was been availed for verification of the same.	Resolved	
N.O 4	Variance Between the General Expenses Amount and Ledger	The general expense ledger has been reconciled and a schedule and payment documents was availed for the verification.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 5	Variances In Cash Book and Bank Balances. Criteria	The hospital maintains a three-column cashbook, which is usually signed by the medical superintendent. However, measures have been put in place to ensure that it's signed by both parties appointed on board of survey. However, we rectified a posting error that occurred in and brought up a variance of Kshs 296.	Resolved	
N.O 6	In Accurate Cash and Cash Equivalents	The hospital maintains a three-column cashbook, which is usually signed by the medical superintendent. However, measures have been put in place to ensure that it's signed by both parties appointed on board of survey. However, we rectified a posting error that occurred in and brought up a variance of Kshs 296.	Resolved	
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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N.O 7	Unsupported Inventories Balance	The management wishes to clarify that a stock-taking exercise was conducted during the year under review, and the stock take report, confirming the quantities and value of the closing balances, was provided for audit review. We can confirm that the actual inventory balance was Kshs 4,175,573 as disclosed in Note 30. A schedule of the list of inventories as at 30th June 2024 same was availed for clarification	Resolved	
N.O 8	Unsupported Property, Plant and Equipment	The hospital is in the process of following up on valuation of its assets to get the correct face value of the assets. The management wrote a letter to the chief office health requesting for support in valuation.	Unresolved	
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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BASIS FOR CONCLUSION N.O 1	Lack of quarterly revenue reports	The facility embarked on preparation of revenue report to support the expenditure. The copy was submitted to the county treasury and another one to the auditor general for compliance. The revenue submission report will not be featured in the next financial year 2024/2025 as the correction has been made.	Resolved	
N.O 2	Irregular engagement of casuals	The management engage the County Public Service Board through the department to transition casual workers - to term contracts Employment. muster roll was made part of payroll payment documents.	Not resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 3	Non-remittance of revenue to the county revenue fund.	The county put measures across and the revenue is now being remitted into County Revenue Fund in a special account	Resolved	
N.O 4	Lack of an Annual Procurement Plan	The hospital management has a detailed procurement plan that runs for the whole financial year.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 5	Deficiencies in implementation of universal health coverage	The County Government of Nakuru holds the mandate to equip the hospital and hire staff to the required capacity, ensuring the provision of optimal healthcare standards. This is crucial for achieving the objectives of universal healthcare. The management will continue engaging the county government to facilitate the fulfilment of this mandate	Not resolved	30/06/2026
N.O 6	Presentation and accuracy financial statements	A complete amended financial statement was presented to the auditor general for review	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
BASIS FOR CONCLUSION N.O 1	Failure to tag assets	The hospital is still in partial process of evaluating its assets. However, a few reminders to the department has been made to help us in the finalizing of the process in order to ascertain the correct figure of the hospital assets as well as a total transfer from the mother department to the hospital. We are looking forward for a positive response from the department for a smooth transition of the assets in order to include them in our financial statements.	Not resolved	30/06/2026
N.O 2	Lack of an Audit Committee and Internal Audit Function	We acknowledge that the facility currently lacks an internal audit committee. This is primarily due to understaffing and the absence of personnel with the requisite audit skills. The management engage the county government to explore the possibility of acquiring additional staff to oversee audit functions.	Not resolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N.O 3	Poor Information and Technology Internal Control Environment	The management requested the county government to employment an IT personnel to support disaster recovery planning and ensure data backup at an off-site location. These measures aim to minimize errors, fraud, and potential data loss, thereby enhancing the facility's overall IT security and efficiency	Not resolved	30/06/2026

Guidance Notes:

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

.....
Accounting Officer

Appendix II: Projects Implemented by The Entity

This section is not applicable to the Hospital is the financial year under review.

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

This section is not applicable to the Hospital is the financial year under review.

(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	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2							
3							

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Appendix III: Inter-Entity Confirmation Letter

This section is not applicable to the Hospital is the financial year under review.

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
N/A	N/A	N/A	N/A	N/A	N/A
Total					

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

Head of Accounts Department - 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

This section is not applicable to the Hospital is the financial year under review.

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

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Appendix V: Disaster Expenditure Reporting Template

This section is not applicable to the Hospital is the financial year under review.

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