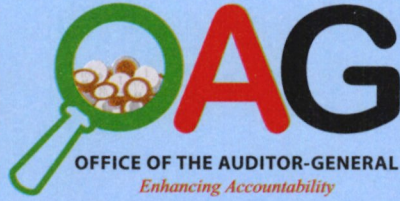
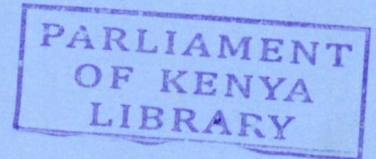


REPUBLIC OF KENYA



REPORT



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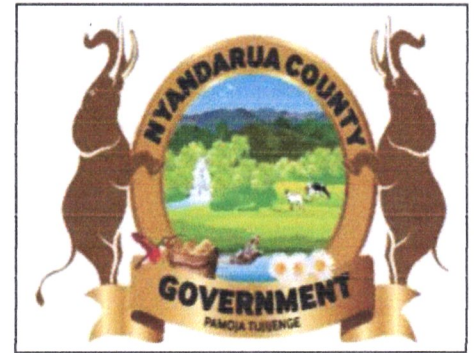
THE AUDITOR-GENERAL

ON

**ENGINEER COUNTY LEVEL 4 HOSPITAL
COUNTY GOVERNMENT OF NYANDARUA**

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

PAPERS LAID	
DATE	27/11/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo



ENGINEER COUNTY LEVEL 4 HOSPITAL (County Government of Nyandarua)

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)

Engineer County Level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who had financial responsibility in the entity.
SVD	Normal delivery
C/S	Caesarean Section
KHIS	Kenya Health Information System
BOM	Board of Management.
IPSAS	International Public Sector Accounting Standards
ICPAK	Institute of Certified Public Accountants
PSASB	Public Sector Accounting Standards Board
NBV	Net Book Value

2. Key Entity Information and Management

(a) Background information

Engineer County Hospital is a level (4) hospital established under gazette notice number Vol.CXIX-No.24,2017 of 24th February and is domiciled in Nyandarua County under the health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide inpatient and outpatient medical services.

Vision Statement

A county free of preventable diseases and ill-health.

Mission Statement

To offer affordable, accessible, sustainable quality health care services to all clients Nyandarua County.

The core objectives are:

- Eliminate communicable conditions.
- Reverse rising burden on non-communicable condition.
- Reduce the burden of violence and injuries.
- Provide essential health services.
- Minimize exposure to health risk factors.

Strengthen collaboration with health-related sectors

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial period ended December 2024 and who had direct fiduciary responsibility were:

SN	Designation	Name
1.	Medical Superintendent/CEO	Dr. Joram Muraya
2.	Head of finance	CPA Roseline Mbogoh
3.	Head of supply chain	Vincent Muiruri Wambui
4.	Head Administration Services	Amos Nabiswa Barasa
5.	Head of Nursing Services	Anisia Karimi Njagi
6.	Head Pharmaceutical Services	Dr. Jessica Wangui Njenga

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

During the period under reporting, the hospital did not have this committee in place

Audit committee

This Audit committee of the Board of Management had three members. This committee is an oversight committee that ensures that there is prudence in financial management in hospital. The committee held four meetings during the reporting period.

Risk Committee

In the period under review, risk review and mitigation were a function under the hospital board quality assurance subcommittee.

County Assembly

The County Assembly committee on Health is a 9-member committee which oversees health services in the County. The committee did not visit the hospital during the reporting period.

(f) Entity Headquarters

P.O. Box 103-20318,
 North Kinangop.
 Located about 5kms from Engineer Town
 Nyandarua County, Kenya.

(g) Entity Contacts

Telephone: +254 723 948 371/+254 768 279 297
 E-mail: engineercountyhospital@gmail.com

(h) Entity Bankers

Cooperative Bank
 Engineer Branch

(i) **Independent Auditors**

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

(j) **Principal Legal Adviser**

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

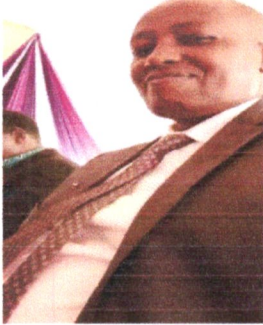


(k) **County Attorney**

P.O. Box.701-20303
Olkalou, Kenya

3. The Board of Management

Ref	Directors	Details
1.	<p>Board Chairman Mr. Daniel Gitau Mburu</p> 	<p>Mr. Daniel Gitau Mburu aged 51, is the Board Chairman. He holds a Bachelor’s Degree in Social Science. He has a vast experience working as a Senior Executive with Non-Governmental Organizations. Key competence in project planning and management, resources mobilisation among others. He has also worked with the County Government and the default local Governments in an elective position.</p>
2.	<p>Board Vice Chairperson Mrs. Mary Wambui Kamau</p> 	<p>Mrs. Mary Wambui Kamau aged 60, is the Board Vice Chair and the Chair of Quality Assurance Committee. She is a Kenya Registered Community Health Nurse. She has vast experience working with various hospitals. She has also worked with Institutions like Moffat College of Bible Studies. Mary has also practiced guidance and counselling where she has marked success stories over the years</p>
3.	<p>Mr. Isaac Chege-Board member</p> 	<p>Mr. Isaac Chege is a Board Member and the Chair of Finance Committee. He has a Master’s Degree in Education Management, Administration and Leadership (Mount Kenya University). He holds Bachelor of Education (Moi University), Vast experience in matters of education and currently a principal of a high school. He is 50 years old</p>



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4.	<p>Rev. John Maragua Kanyi-Board Member</p> 	<p>Rev. John Kanyi aged 57, is a Member of the Board and the Secretary of Finance Sub Committee. He holds a Masters in Theology. He has been a BOM Chair Nyandarua Water, NG-CDF and APECK (Evangelical Pentecostal Churches of Kenya) Nyandarua and National Executive Member. Hon. Secretary Nyandarua Levitical SACCO</p>
5.	<p>Rev. Dr. Paul Gitahi Murage-Board member</p> 	<p>Rev. Dr. Paul Gitahi aged 41, is a Board Member and the Chair of Audit Sub Committee. He holds a PhD in Psychology, MA in Psychology, bachelor's degrees in Education, Theology and Counselling. Trained and work with International leadership (ILI), a Trainer in Leadership, Psychology and Counselling, a Professional Counsellor registered with KCPA. Serves as a Clergy GS, Worked with NGO'S in Compassion Department</p>
6.	<p>Mrs. Tabitha Waruguru Mwangi-Board member</p> 	<p>Mrs Tabitha Waruguru aged 46, is a Board member and a Secretary of Audit Subcommittee. She holds a KCSE certificate.</p>
7.	<p>Ms. Esther Nyambura Maina</p>	<p>Ms. Esther Maina aged 37, is a Board Member and Secretary of Quality Assurance Committee. She holds a Diploma in Hospitality Management. She has vast experience working with Heritage Intrepid, (Mara Intrepid, Siana Spring and Great</p>


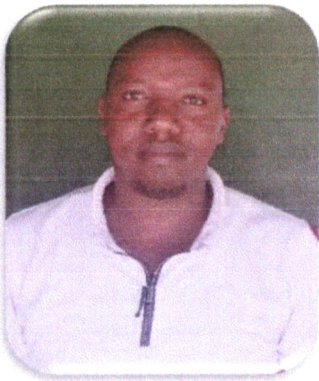
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		<p>Rift Valley Lodge), as a Driver guide and at WWF Lake Naivasha as project coordinator. She also worked with GEF/SGP under UNDP, Resourcing Grant through proposal writing</p>
<p>8.</p>	<p>Dr. Joram Muraya Kabui Medical Superintendent/Secretary to the Board</p>  <p><small>PhotoScanned by Google™</small></p>	<p>Dr. Joram Muraya Kabui is the medical superintendent and the entity's secretary. He holds a Bachelors of Medicine and Bachelors of Surgery degree.</p>

4. Key Management Team

Ref	Management	Details
1.	<p>MEDICAL SUPERINTENDENT DR. JORAM MURAYA KABUI</p>  <p>Dr. Joram Muraya Kabui is the medical superintendent and the entity's secretary. He holds a Bachelors of Medicine and Bachelors of Surgery degree.</p>	<p>Provide strategic leadership of the hospital. He leads the hospital management team consisting of the various unit heads. He is accountable to the hospital board and vertically to the county director of health and chief officer health services in the county</p>
2	<p>HEALTH ADMINISTRATIVE OFFICER MR. AMOS BARASA</p>  <p>Mr. Amos Barasa holds a Master's degree with a concentration in strategic management from University of Nairobi</p>	<p>Ensuring efficient and effective management of health support services. Promoting staff and patient welfare, ensuring their security, liaising with professionals and technical departmental heads to improve the overall management and delivery of services in the Hospital.</p>

<p>3.</p>	<p>CPA ROSELINE KARIMI MBOGOH ACCOUNTANT</p>  <p>CPA Roseline Mbogoh is the hospital Accountant. She is a registered Certified Public Accountant of Kenya (CPA-K), a Certified Credit Professional (CCP) and a Certified Investments and Financial Analyst (CIFA). She also holds a Bachelors degree in Commerce (Accounting Option)</p>	<p>Ensuring the Accuracy of The Financial Documents as well as their compliance with relevant laws and regulations. She is responsible of monitoring and maintaining important financial Reports</p>
<p>2.</p>	<p>HEAD NURSING SERVICES ANISIA KARIMI NJAGI</p>  <p>Ms. Anisia Karimi Njagi She holds a bachelor's degree in Nursing (BSN)</p>	<p>Evaluating community interventions and providing feedback. Managing nursing commodities and other resources; conducting surveys in various healthcare areas and disseminating findings to improve care; coordinating occupational health and safety activities and preparing periodic reports; ensuring effective utilization and safety of assigned medical supplies and equipment; developing standard operating procedures in collaboration with other stakeholders; conduct training needs assessment and developing training and induction programs; conducting ward rounds and reviewing patients conditions, coaching and mentoring nursing staff</p>

3.	<p>HOSPITAL PHARMACIST IN CHARGE DR. JESSICA WANGUI NJENGA</p>  <p>Dr. Jessica Njenga holds a Bachelor's degree in Pharmacy from University of Nairobi</p>	<p>Head of pharmaceutical services including the clinical aspects and supply chain related issues of pharmaceuticals.</p>
4.	<p>SUPPLY CHAIN MANAGEMENT OFFICER VINCENT MUIRURI</p>  <p>Mr. Vincent Muiruri holds a Degree in Supply Chain Management.</p>	<p>Participate in preparation of annual budget estimates.</p> <ul style="list-style-type: none"> • Preparing annual procurement plan • Preparing of tender documents. • Advertising of tenders and inviting registered bidders • Overseeing tender opening and evaluation. • Overseeing store management and proper record keeping. • Managing contracts implementation and goods delivery. • Preparation of tender file for payment. • Safe keeping of procurement records • Manage vendor relationships and monitor supplier performance to ensure

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		<p>compliance with contractual agreements and quality standards.</p> <ul style="list-style-type: none">• Coordinating with departmental heads to align procurement activities with departmental needs.• Maintain accurate records of procurement transactions, contracts, and vendor information.• Monitor inventory levels and forecast demand to ensure adequate stock levels while minimizing carrying costs
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5. Chairman's Statement

On behalf of the Board of Management of Engineer County Hospital, I am pleased to present the Chairman's Statement for the year **under review**. This has been a year of purposeful consolidation—strengthening clinical services, **deepening governance**, and **laying firm foundations** to serve our growing catchment population with safe, affordable, and patient-centered care.

Guided by the burden of disease in Kinangop and the wider Nyandarua County, we progressed key service lines while sustaining essential operations. We made significant strides toward operationalizing the Newborn Unit to safeguard maternal and neonatal outcomes; advanced arrangements for in-house pathology to reduce diagnostic delays; and **strengthened ophthalmology services** to address avoidable visual impairment. In parallel, we **maintained continuity** and quality across medicine, surgery, maternity, dental, radiology, CCC, orthopaedics, and other units, with deliberate attention to clinical standards and patient safety.

A landmark achievement this year was the **successful acquisition** of the hospital land title deed after thirty-two years of pursuit. In addition, the hospital landholding expanded by one and a half acres through an adjacent plot, creating much-needed room for future growth of clinical and support infrastructure. On governance, the Board undertook an induction in Naivasha that refreshed our collective understanding of mandate and obligations. We remain grateful to the CECM for Health and the Chief Officer for facilitating this exercise. Building on that platform, the Board developed the Annual Budget and Annual Work Plan and has set in motion the development of a five-year Strategic Plan to anchor long-term priorities.

Financial stewardship remained a central focus. We advanced cashless payment adoption at points of service and intensified engagement with insurers and the Social Health Authority (SHA) to close the loop from service provision to reimbursement. Billing, receipting, and claims management were aligned more tightly with SHA pathways to accelerate adjudication, reduce denials, and protect revenue. Internally, we refined expenditure controls, strengthened committee oversight, and pursued value-for-money across procurement and operations.

Several areas stood out as demonstrable gains. Patient safety and quality improved with disciplined triage and adherence to treatment protocols. Revenue protection benefited from tighter documentation and follow-up on claims, reducing outstanding days on key payer lines and improving cash-flow predictability.


We also faced material headwinds. Constrained liquidity and delayed reimbursements—compounded by fiscal pressures at county level—strained working capital and procurement cycles, leading to significant pending bills and, at times, litigation threats from suppliers. Utility costs, particularly electricity and medical oxygen, remained elevated; with the commissioning of additional units such as the Newborn Unit, these pressures will intensify unless mitigated. Ongoing transitions in supply-chain and funding arrangements created uncertainty for medicines and non-pharmaceuticals, necessitating careful rationing to protect essential services. Human-resource gaps in critical cadres increased workload and stretched supervision, with implications for burnout and resilience. Finally, infrastructure demands rose with the expanded inpatient footprint and the relocation of outpatient services, heightening the load on utilities, maintenance, and supportive amenities, and underscoring the need for improved road access to the facility.

Externally, the deteriorated Jackman–Hospital Road segment continues to compromise timely access and ambulance turn-around; advocacy with the relevant departments remains active given its direct impact on emergency care and patient experience.

Looking ahead, our priorities are clear and practical. First, we will fully operationalize the Newborn Unit and consolidate pathology and ophthalmology services to reduce avoidable referrals, shorten length of stay, and improve outcomes. Second, we will assure medicines and supplies by working closely with the Department of Health to secure predictable supply lines during procurement transitions, ring-fence essential lists, and monitor stock-out risks with early-warning triggers. Third, we will address human-resource constraints through targeted recruitment and redistribution for high-impact cadres, coupled with focused CPD, mentorship, and supportive supervision to sustain quality and staff morale. Fourth, we will enhance safety and reliability by completing oxygen-reliability work, maintaining critical equipment, and reinforcing infection prevention and control to minimize adverse events and readmissions. Fifth, we will deepen governance and accountability through regular Board and committee cycles, strict adherence to the Board Charter and performance contracts, and a strengthened internal audit function and risk register with clear mitigation owners and timelines. Lastly, we will intensify community and stakeholder engagement—collaborating with county leadership, neighbouring facilities, and the community to advocate for improvements to access roads and public utilities that directly affect patient access and emergency response.

The Board records its sincere appreciation to our Medical Superintendent, management team, clinicians, nurses, clinical officers, pharmacists, laboratory and radiology teams, and all support and administrative staff for their professionalism and resilience. We equally recognise the guidance of the County Executive Committee Member for Health, the Chief Officer, and the County Directorate of Health Services. Above all, we thank our patients and their families for their trust, and our public and private partners for their continued support.

In closing, we affirm our commitment to prudent stewardship, continuous improvement, and compassionate service. With disciplined execution of the priorities set out above, Engineer County Hospital will continue to deliver better outcomes, better experience, and better value for the people we serve.


.....
Fu **Mr. Daniel Mburu**
Chairman, Board of Management
Engineer County Hospital

6. Report of The Medical Superintendent

I am honoured to present the Medical Superintendent's report for the year under review. Our mandate remained constant: to deliver safe, equitable, and patient-centred care to our catchment population while exercising prudent stewardship over scarce resources. The year was characterised by purposeful consolidation; streamlining patient flow, expanding services in high-impact areas, tightening revenue-cycle discipline, and embedding stronger quality and safety practices. We navigated sector-wide policy shifts touching procurement, financial flows, and governance, and did so transparently with proactive risk management to safeguard continuity of care.

Clinical activity was robust across the continuum. In outpatient and emergency care, the facility attended to 27,255 patients, including 5,801 children under five years. Demand continued to peak on Mondays, with seasonal surges driven by respiratory illnesses and trauma. To match this pattern, we implemented surge protocols that improved throughput and experience: early triage streaming, deliberate clinician availability during peaks, and faster access to diagnostics. Our emergency response remained ready at all times, with deliberate stock-level controls for essential medicines and supplies to minimise cancellations and diversions for emergency and theatre cases. These measures, supported by disciplined roster management, reduced waiting times.

Inpatient services strengthened considerably following the operationalization of the new inpatient ward. Over the period, we admitted 1,984 adult patients and 60 children under five years of age, our first admissions in the new ward configuration. Length-of-stay remained within expected benchmarks: an average of two days in maternity (three days for Caesarean-section mothers) and five days in the medical ward. We attribute this to early patient reviews, active discharge planning, and improved multidisciplinary handovers. Bed occupancy trended upward through the year as referral pathways consolidated around the organised inpatient footprint.

Maternal, newborn and child health continued to be a strategic priority. The Newborn Unit (NBU) was operationalised, with equipment planning, clinical protocols, and staff orientation completed; full commissioning in the coming year is expected to further improve early neonatal outcomes. Maternity services registered 1,928 deliveries, 364 of which were Caesarean sections. Notably, there were no maternal deaths during the period under review, a reflection of rigorous risk triage, consistent partograph use, active management of the third stage of labour, and readiness for obstetric emergencies in close coordination with anaesthesia and theatre teams. These gains will be consolidated through additional mentorship and in the next cycle.

Diagnostics underpinned clinical decision-making throughout the year. Laboratory turnaround times improved through sample batching and tighter consumables management, while external quality-assurance participation continued without interruption. Radiology services were maintained, and we progressed towards reliable pathology support to reduce diagnostic delays, referrals, and clinical uncertainty. Specialty services expanded as planned: special clinics recorded 4,752 attendances, ophthalmology services were introduced with additional clinic days and targeted outreach for case-finding in cataract and refractive error, and dental, orthopaedic, comprehensive care clinic (CCC), and nutrition services operated consistently. Theatre productivity stabilised, with 239 operations conducted during the year, supported by better scheduling discipline and improved peri-operative readiness.

Quality, patient safety, and experience were systematically reinforced. We institutionalised routine morbidity-and-mortality reviews and strengthened incident reporting and learning. Infection prevention and control remained a daily discipline. On the information side, standardised registration documents, coding, and discharge documentation, internal spot checks and reviews reduced avoidable errors that previously contributed to claim denials and impaired decision quality.

On infrastructure and reliability, oxygen security was a major focus. We advanced a bulk oxygen arrangement and commissioned a functional manifold with support from Amref, stabilising supply across wards, theatre, and the NBU—addressing a critical patient-safety risk while improving cost predictability through economies of scale. Nonetheless, oxygen remains a significant cost driver, and further contracting efficiencies will be pursued. Increased inpatient activity heightened demand on power, oxygen and fuel (transport of oxygen); we are working with County colleagues to build utility resilience.

Externally, the deteriorated Jackman–Hospital Road segment continues to compromise timely access and ambulance turn-around; advocacy with the relevant departments remains active given its direct impact on emergency care and patient experience.

Pharmacy and supply-chain management adapted to a fluid policy environment. With proposals to cut funding allocation for pharmaceutical and non-pharmaceutical commodities, we moved early to ring-fence the essential medicines list and escalated critical gaps promptly. Inventory discipline improved through consistent bin-card use, monthly stock reconciliations, and consumption-based forecasting, all aligned to first-expiry-first-out practices. These measures protected service continuity despite sector-wide constraints.

Financial stewardship remained tight. The facility operated to a daily revenue target of Kshs. 109,290, with a payer mix comprising cash (pay bill), the Social Health Authority (OPD and inpatient), and private insurers such as Minet and Madison. The hospital largely met revenue expectations, with total collections of Kshs 53,785,934 over the period against a target of Kshs 46,311,336. At the point of care, we improved registration accuracy, eligibility checks, and benefits counselling, and pre-authorisation checks for procedures—measures that improved claims. Despite progress, cash-flow pressures persisted due to third-party reimbursement lags and broader fiscal constraints. We responded with strict expenditure discipline, prioritising essential services, enforcing commitment controls, and leveraging Finance Sub-committee oversight to ensure value for money. Continued acceleration of claims submission and closure, coupled with expansion of electronic payments, will be pivotal to liquidity in the coming year.

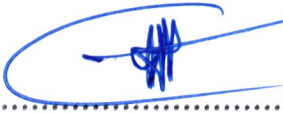
Our people are the foundation of service delivery. The hospital experienced critical staffing gaps in select cadres, elevating workload and burnout risk. Mitigation strategies included rota optimisation, targeted task-shifting, and cross-training to preserve service reliability. Continuous Professional Development remained active, with regular CME (continuous medical education sessions), IPC, documentation for claims, and improved clinical outcomes—areas directly linked to patient safety and financial performance. We will continue to advocate for recruitment and redistribution of critical staff gaps to shore up high-impact areas in clinical, nursing, radiology and pharmacy.

Governance, compliance, and risk management were maintained through regular meetings of the Board and its committees, with close oversight of strategy execution, finance, and audit actions. We tracked key operational and financial risks—liquidity from delayed reimbursements, supply-chain fragility during

Engineer County level 4 Hospital (Nyandarua County Government)
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procurement transitions, human-resource pressures, and infrastructure vulnerabilities—with clear mitigations.

In closing, I wish to record my appreciation to the Board of Management, led by the Chairman, Mr. Daniel Mburu, for steady stewardship; to the County Executive Committee Member for Health and the Chief Officer for their guidance; and to our clinicians, nurses, clinical officers, pharmacists, laboratory and radiology teams, support staff, and administrators for their dedication and professionalism. I thank our patients and community for their trust, and our partners for their continued collaboration. The year's results demonstrate that disciplined execution, rigorous quality and safety practices, and a resilient workforce can deliver strong outcomes even amid fiscal and policy headwinds. The coming year will focus on commissioning the NBU fully, consolidating ophthalmology and pathology, strengthening the revenue cycle end-to-end, and deepening the culture of continuous improvement—so that Engineer County Hospital continues to deliver better outcomes, better experience, and better value to the people we serve.


.....
Dr. Muraya Joram
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Engineer County Hospital has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars issues are as follows:

Pillar /theme/issue 1: **Curative and rehabilitative health services** – delivery of clinical and specialized care, theatre services, diagnostics, pharmaceutical services and rehabilitative therapy.

Pillar/theme/issue 2: **Preventive and promotive health services** – immunization, maternal and child health, disease surveillance, community health and health education.

Pillar/theme/issue 3: **Administration, planning, management support and coordination** – governance, performance monitoring, procurement and resource mobilization.

Pillar/theme/issue 4: **Solid waste management services** – safe segregation, collection and disposal of healthcare waste.

Across these programmes the plan identifies six key strategic areas: (i) improving access to health care; (ii) scaling up preventive and promotive services; (iii) enhancing quality of care; (iv) strengthening monitoring, evaluation and research; (v) capacity building; and (vi) strengthening solid waste management. The annual work plan translates these into activities and performance indicators.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Engineer County Hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Curative & rehabilitative services	Expand access, improve quality	<ul style="list-style-type: none"> • Bed occupancy • surgical volumes, • mortality rates, • OPD workload • In patient workload 	<ul style="list-style-type: none"> • Outpatient services • In patient services • Diagnostic services • Pharmaceutical services 	<ul style="list-style-type: none"> • Outpatient attendance of 27,255 clients. • Inpatient attendance 2,044 clients. • Specialized clinic attendance of 4,756

*Engineer County level 4 Hospital (Nyandarua County Government)
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			<ul style="list-style-type: none"> • Specialized clinic services • Set up new born unit • Theatre operations; • staffing; • procure equipment; • clinical audits 	<ul style="list-style-type: none"> • Normal deliveries were 1,564 • Caesarean sections 364 • surgical procedures conducted were 239. • bed capacity 170. • 0% maternal mortality rate.
Pillar/ theme/ issue 1: Preventive and promotive health services	Increase preventive coverage, strengthen community health	<ul style="list-style-type: none"> • Immunisation coverage, • skilled deliveries conducted, • disease surveillance 	<ul style="list-style-type: none"> • MCH clinics; • chronic disease screening • health education 	<ul style="list-style-type: none"> • Immunisation coverage reached 75 %; • 100% skilled deliveries; • adults screened for NCDs;
Pillar/ theme/ issue 1: Administration, planning and Management	-Strengthen governance, - financial management, -HR -M&E	<ul style="list-style-type: none"> • Budget absorption, • staff training sessions, • audit findings, • data quality and reports 	<ul style="list-style-type: none"> • Quarterly performance reviews; • Procurement of goods and services records. 	<ul style="list-style-type: none"> • Improved financial reporting, Quarterly and yearly. • No major audit issues; • data reporting

			<ul style="list-style-type: none"> • Induction of board members • CMEs, trainings attended, conferences and CPD points earned; 	
Solid waste management	Ensure safe waste segregation and disposal	<ul style="list-style-type: none"> • Waste segregation compliance, • incinerator functionality 	<ul style="list-style-type: none"> • Colour-coded bins; • Waste segregation • staff training; • Protective gear • Treatment of liquid waste 	<ul style="list-style-type: none"> • Segregation compliance at 100 %; • Incinerator operational; • Placenta pit and ash pit available and in use. • staff trained and issued with PPE and equipment

4. Linking achievements to performance contracts

The hospital's performance contract, aligned with the county health performance framework, specifies annual targets and weightings for several result areas. Service delivery indicators (for example, Outpatient and in patient workload, bed occupancy, surgical volumes, immunization coverage and waste-management compliance) typically carry the largest weight in the contract. Customer satisfaction, financial stewardship, human-resource development and governance are equally significant weights. Each indicator has a baseline (last year's performance) and a target agreed between the management and the County Executive whose purpose is to establish a basis for ensuring that efficient and effective services are delivered to Nyandarua people.

To demonstrate achievement against the contract:

- Service delivery targets: The contract required a number of services offered for both inpatient and outpatient clients and targeted interventions for better clinical outcomes. Immunization coverage was 75 %, and preventive screening targets for hypertension and diabetes were met through community outreach.
- Neonatal mortality declined, reflecting improvements in clinical quality. Infection-prevention audits were conducted as stipulated in the contract.
- Financial management and governance: Performance-contract indicators require timely budget preparation, adherence to procurement laws and clean audit opinions.
- Budget absorption rates met the contractual targets, and quarterly financial reports were submitted on time.
- Human-resource development: The contract emphasizes staff training and retention. Health workers received at least one continuous professional development session, meeting the contract's training target. Induction for new staff and mentorship programs were implemented.
- Environmental sustainability: Waste-management indicators form part of the contract. The hospital improved segregation compliance to 80 %—above the contractual minimum of 70 %—through training and investment in waste infrastructure.

8. Corporate Governance Statement

Introduction

The Hospital has a working board of **management** which is constituted to ensure that corporate governance is maintained at all levels of the Hospital. The Board executes its mandate with integrity, honesty and openness.

Below are key features of the corporate **governance** structures and internal control systems that are put in place and were operational during the **reporting year**.

The Board of Management

The Board is composed of non- executive **members** elected by the CECM Health Services and appointed by the Governor.

The board is held accountable and **responsible** for effective governance of the Institution. In order to discharge this mandate, the board is **guided by the Health Act 2017**, and the Mwongozo code of Governance for state corporations.

The members have a range of skills and **experiences** which they bring to the board.

The board members are appointed through a Kenya gazette to serve for three years which is renewable once.

The board has delegated authority to **conduct day to day** business to the Medical Superintendent. The Board however, is responsible for establishing and maintaining the Hospital's overall internal control, financial and compliance framework.

Board Diversity

The appointed board members comprise of 3women and 4men. Engineer County Level 4 Hospital board has complied with the 2/3 gender rule.

Board Remuneration

The board was remunerated as per the circular issued by SRC in 2014.

Board meetings

The board meets quarterly as per its regulations with an additional meeting when necessary. The board agendas are prepared early and adequate notice is given. The main board held- meetings as follows;

*Engineer County level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Full Board - 4 meetings

S/No.	Name	No. of meetings
1	Mr. Daniel Mburu	4/4
2	Mrs. Mary Wambui Kamau	4/4
3	Dr. Serah Ngugi	1/4
4	Dr. Muraya Joram	4/4
4	Mr. Isaac Chege	4/4
5	Ms. Esther Maina	4/4
6	Mr. John Kamau Ngugi	1/4
7	Mrs. Tabitha Waruguru	4/4
8	Rev. Dr. Paul Gitahi	4/4
9	Rev. John Kanyi	4/4
10	Mrs. Anisia Karimi	2/4
11	CPA Roseline Karimi	3/4
12	Mr. Amos Barasa	4/4

Committees of the Board of Management

The board had 3 standing committees which met quarterly under terms of reference set by the board and other guiding documents.

Finance Committee

This committee is composed of 3 members and the Finance officer is co-opted member to deliver expertise in matters regarding finance and procurement at the entity. The committee is responsible of;

- Receiving and considering quarterly budgets proposals
- Reviewing Quarterly financial statements
- Reviewing compliance with accounting standards
- Overseeing the implementation of Human Resource strategies
- Infrastructure planning and development activities.

During the reporting period the committee met four times and all members were present.

Quality Assurance Committee

This committee is composed of 4 members, the Nursing services officer in charge/the commodity nurse and pharmacist, are co-opted members to deliver technical expertise in matters quality services. The committee is responsible of;

- Review of professional standards, ethics, and complaints against the performance of the medical workers.
- Reviewing effectiveness of the systems of internal control that guarantees quality services.

During the reporting period, the committee met four times and all members were present.

Audit Committee

This committee comprises of 3 board members and the Finance Officer is co-opted member to deliver technical expertise. The committee is responsible for;

- Monitoring internal controls and management of finances and Hospital commodities
- Audit and review the activities of the Hospital Operations and the general outlook as far as service delivery is concerned.
- Evaluation of risk management, control, and governance issues.
- Audit financial control systems issues that are highlighted and brought to the attention of the Committee by stakeholders.

During the reporting period the committee met four times and all members were present.

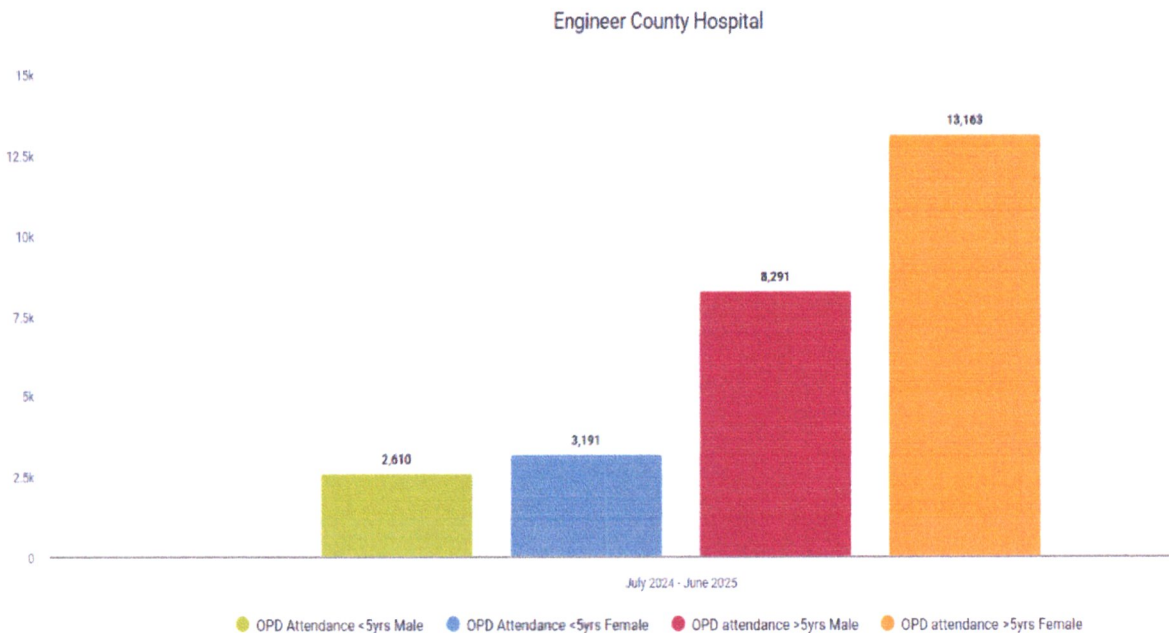
9. Management Discussion and Analysis

Section A

The entity’s operational and financial performance

Engineer County Hospital				
	OPD Attendance <5yrs Male	OPD Attendance <5yrs Female	OPD attendance >5yrs Male	OPD attendance >5yrs Female
July 2024 - June 2025	2,610	3,191	8,291	13,163

Engineer County hospital Outpatient attendance for male and female under five-year-old and above five years old for the period July 2024 to June 2025 (Source: Kenya Health information system data)



Engineer County Hospital Outpatient attendance. (KHIS)

**Engineer County level 4 Hospital (Nyandarua County Government)
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Engineer County Hospital									
	ENT Clinic Attendance	Eye Clinic Attendance	Medical Attendance	Dental clinic attendance (Excluding fillings and extractions)	Obstetrics/Gynaecology Attendance	Orthopaedic Clinic Attendance	Psychiatry Attendance	Physiotherapy Attendance	TB and Leprosy attendance
July 2024								107	
August 2024			289	52	123		83	243	40
September 2024		103	246	43	100		91		16
October 2024	75	75	181				77		
November 2024			145	34		122	58		
December 2024			99	54			39	64	
January 2025			421	38	84		72		12
February 2025			158	23	81		77		10
March 2025	26		137	27	88		54		30
April 2025		88	152	21			72		
May 2025		131	170	29	110		61		

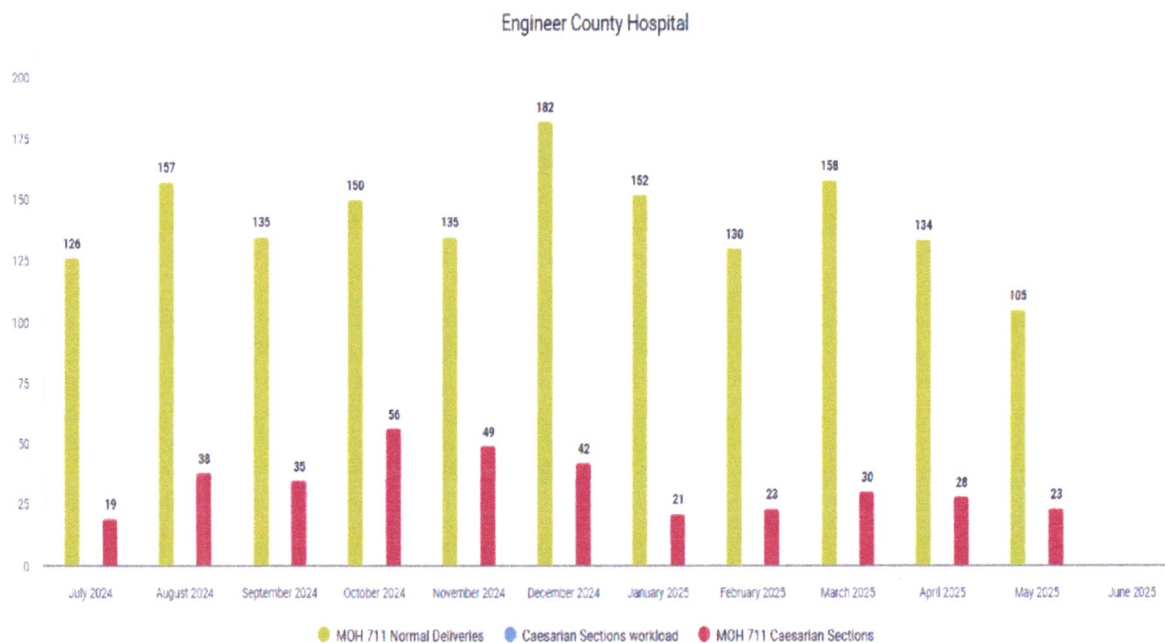
Engineer County Hospital



Engineer County hospital Special Clinic attendance for male and female for the period July 2024 to June 2025(Source: Kenya Health information system data)

Engineer County level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Engineer County Hospital		
	MOH 711 Normal Deliveries	MOH 711 Caesarian Sections
July 2024	126	19
August 2024	157	38
September 2024	135	35
October 2024	150	56
November 2024	135	49
December 2024	182	42
January 2025	152	21
February 2025	130	23
March 2025	158	30
April 2025	134	28
May 2025	105	23

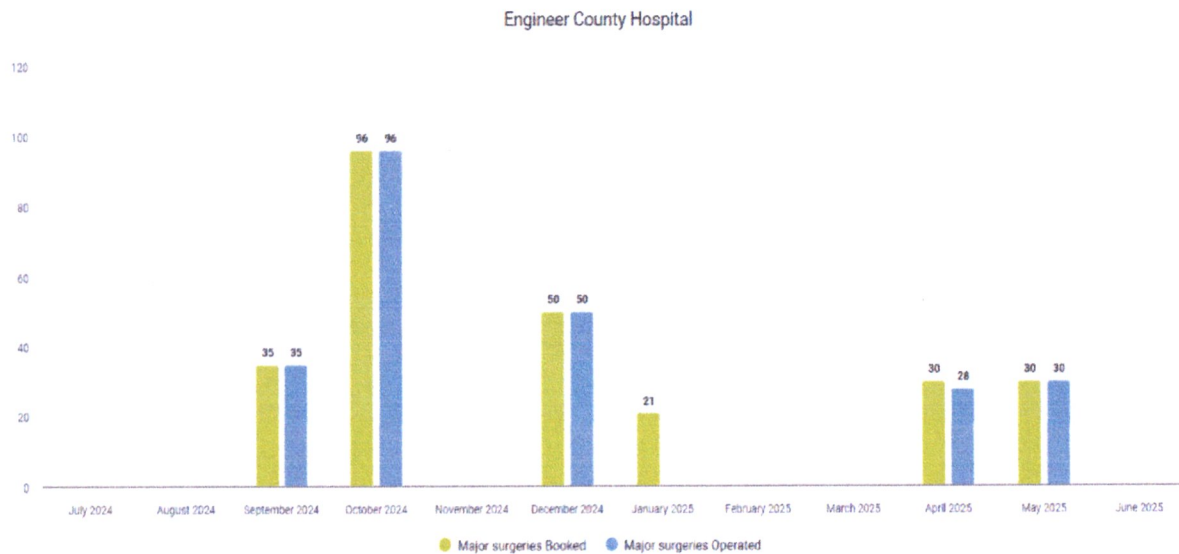


Deliveries conducted during the reporting period at the maternity unit Source: KHIS

Engineer County level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Surgeries Conducted at Engineer County Hospital During the reporting period.

Engineer County Hospital		
	Major surgeries Booked	Major surgeries Operated
September 2024	35	35
October 2024	96	96
December 2024	50	50
January 2025	21	
April 2025	30	28
May 2025	30	30



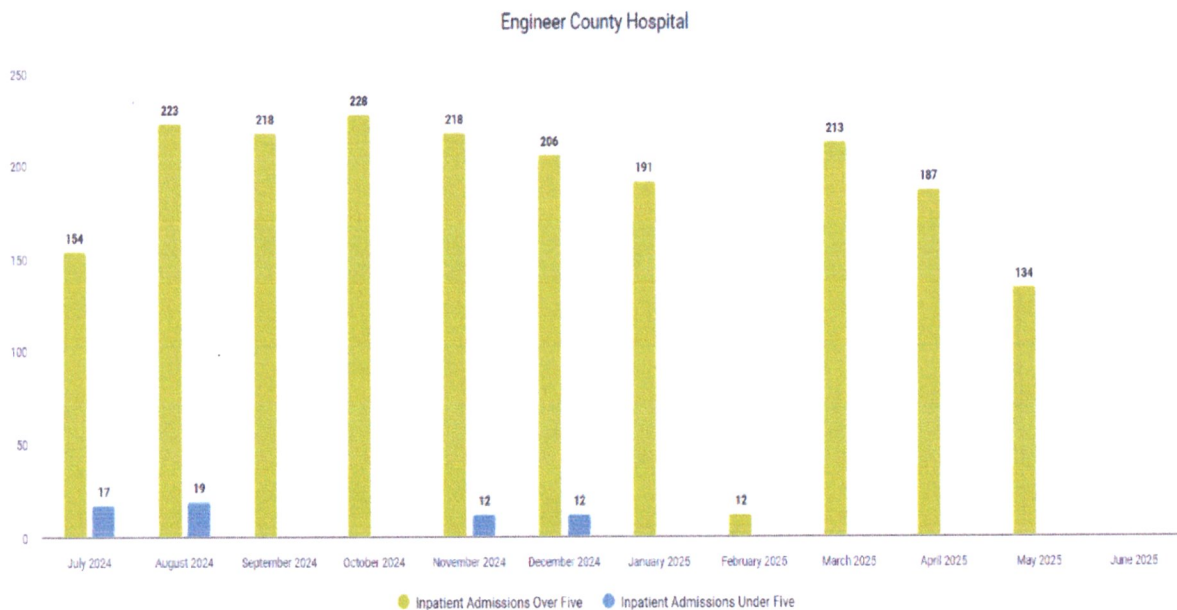
AVERAGE LENGTH OF STAY
MATERNITY: - SVD - 2days;
C/S - 3days

MEDICAL WARD - 5days

Engineer County level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

In patient admission during the reporting period

Engineer County Hospital		
	Inpatient Admissions Over Five	Inpatient Admissions Under Five
July 2024	154	17
August 2024	223	19
September 2024	218	
October 2024	228	
November 2024	218	12
December 2024	206	12
January 2025	191	
February 2025	12	
March 2025	213	
April 2025	187	
May 2025	134	



Section A: Operational and Financial Performance Overview
Engineer County Hospital (July 2024 – June 2025)

1. Alignment with National Government Strategies

Engineer County Hospital's performance during the 2024–2025 financial year has shown steady alignment with national health goals as outlined in key strategic documents, including Kenya Health Sector Strategic and Investment Plan (KHSSIP), Universal Health Coverage (UHC) Policy, and the Kenya Vision 2030 Social Pillar. The hospital's operations have focused on improving accessibility, quality, and equity in healthcare services, particularly within the following pillars:

2. Service Delivery and Health Access Indicators

Outpatient Attendance (KHIS Data)

The hospital recorded significant outpatient attendance across all age categories (under-five and above five years), reflecting strong community trust in primary healthcare services and improved healthcare-seeking behaviour. This is consistent with the UHC goals to reduce disease burden through accessible and affordable services.

Trend: Sustained outpatient numbers indicate functional frontline services, effective triage, and a dependable referral system.

Impact: Early disease detection and management, especially for the top ten morbidities (e.g., URTIs, hypertension, diabetes).

Special Clinics Attendance

Engineer County Hospital continued to offer specialized clinics in key areas such as chronic disease management, HIV care, mental health, and antenatal services. The utilization of these clinics aligns with Kenya's NCD strategy and mental health framework, which emphasize integrated and continuous care.

Implication: Enhanced service differentiation supports long-term management of conditions like hypertension, diabetes, and mental health disorders, as highlighted in the hospital's top morbidity list.

3. Maternal and Child Health Services

Deliveries Conducted

An increase in institutional deliveries, including Caesarean sections, was noted at the maternity unit. This is indicative of:

Improved maternal health outcomes, in line with the National Reproductive, Maternal, Newborn, Child, and Adolescent Health (RMNCAH) Strategy.

Skilled birth attendance that reduces maternal and neonatal mortality.

Average Length of Stay

1. Maternity (Normal Delivery): 2 days

2. Maternity (C/S): 3 days

3. Medical Ward: 5 days

These durations reflect efficient patient turnover and optimized bed utilization, supporting the SHA policy on cost containment and effective resource use in county hospitals.

4. Surgical Services

A notable number of both elective **and emergency** surgeries were conducted, demonstrating enhanced capacity for secondary care. This reflects:

Availability of surgical equipment **and trained** personnel.

Alignment with MOH surgical care strategic plans, which aim to decentralize surgical services and reduce unnecessary referrals to tertiary hospitals.

5. Inpatient Admissions and Bed Management

The hospital reported a consistent number of inpatient admissions throughout the reporting year, with efficient ward management systems in place. This trend supports:

1. Sustained capacity to handle acute and chronic cases.

2. Compliance with national standards on admission criteria and discharge planning, optimizing patient outcomes and reducing hospital-acquired complications.

6. Financial Performance

The hospital's ability to sustain high outpatient and inpatient numbers, conduct specialized clinics and surgeries, and maintain average lengths of stay within national standards suggests:

Prudent resource allocation,

Efficient use of available funds, and

Proper integration of SHA and MADISON insurance claims reimbursement mechanism.

7. Challenges and Recommendations

Despite strong alignment with national strategies, challenges remain:

Rising burden of NCDs (hypertension and diabetes) requiring more investment in community screening and lifestyle education

Increased mental health morbidity necessitating additional staffing, training, and infrastructure

Strain on maternity services indicating a need to scale up personnel and improve postnatal care facilities.

Conclusion

Engineer County Hospital has demonstrated commendable progress in line with national health priorities. The facility's strong performance in service delivery, maternal care, and surgical interventions contributes positively toward Universal Health Coverage, improved health outcomes, and reduced morbidity burden in Nyandarua County. Continued investment in infrastructure, human resources, and preventive health measures will be critical to sustaining and improving this trajectory.

ANALYSIS OF TOP TEN MORBIDITIES AT ENGINEER COUNTY HOSPITAL FOR THE YEAR 2024–2025

The analysis of the top ten morbidities reported at Engineer County Hospital for the financial year 2024–2025 provides critical insights into disease patterns, the healthcare burden, and areas requiring targeted interventions. These morbidities represent a combination of communicable, non-communicable, and lifestyle-related conditions that significantly impact the hospital's service delivery.

1. Upper Respiratory Tract Infections (URTIs)

URTIs ranked highest among the top ten morbidities. This condition is particularly prevalent among children and the elderly and is often influenced by seasonal changes, overcrowding, poor ventilation, and exposure to allergens or pollutants. The high incidence suggests a need for enhanced community health education, improved sanitation, and vaccination awareness campaigns.

2. Other Lower Respiratory Tract Infections

This category includes conditions such as bronchitis and pneumonia, which are also major causes of morbidity. The continued prevalence may point to delayed healthcare seeking behaviour, high rates of air pollution, and inadequate management of early respiratory symptoms. Strengthening early diagnosis and treatment protocols, particularly in outpatient services, is critical.

3. Skin Conditions

The third most reported morbidity includes dermatitis, fungal infections, and bacterial skin infections. The high occurrence may be linked to poor hygiene practices, climate conditions, and overcrowded living environments. Community sensitization on skin care and hygiene, as well as timely access to dermatological care, is essential.

4. Dental Conditions

A rise in dental issues, including caries and periodontal disease, reflects inadequate oral hygiene and limited access to preventive dental services. The trend underscores the importance of integrating oral health education in primary care and expanding dental outreach programs within schools and the general community.

5. Hypertension

As a leading non-communicable disease (NCD), hypertension's inclusion in the top five morbidities illustrates the growing burden of lifestyle-related conditions. Sedentary behaviour, poor diet, and limited physical activity contribute to this trend. Enhanced screening, public health campaigns on healthy living, and sustained follow-up care for hypertensive patients are vital.

6. Eye Infections/Conditions

Common conditions include conjunctivitis and refractive errors. These are often due to environmental irritants, infections, and limited access to eye care services. The ranking emphasizes the need to invest in eye care infrastructure and increase periodic eye screening, especially for school-going children and the elderly.

7. Mental Disorders

Mental health conditions, including depression, anxiety, and substance abuse disorders, continue to gain visibility, partly due to increased awareness and reporting. However, underdiagnosis and stigma remain barriers. There is an urgent need to strengthen mental health services, establish support systems, and promote awareness to destigmatize mental illness.

8. Ear Infections/Conditions

The occurrence of otitis media and related conditions, especially in children, indicates preventable causes such as poor hygiene, untreated upper respiratory infections, and delayed care.

Strengthening ENT services, caregiver education, and early interventions can reduce complications.

9. Gastritis/Amoebiasis

These gastrointestinal conditions are commonly attributed to unsafe drinking water, poor food hygiene, and lack of sanitation. Their frequency in the top ten morbidities highlights the need for public health interventions focused on water safety, food handling practices, and routine deworming campaigns.

10. Diabetes

Diabetes, as another major NCD, reflects the increasing prevalence of metabolic disorders associated with poor diet, obesity, and genetic predisposition. The ranking calls for expanded screening programs, patient education, lifestyle modification strategies, and improved diabetic care and follow-up services.

Conclusion and Recommendations

The top ten morbidities at Engineer County Hospital present a mixed burden of communicable diseases, NCDs, and environmental health issues. This calls for a dual-pronged approach: Preventive and promotive health strategies such as community outreach, hygiene promotion, nutrition education, and immunization.

Strengthening clinical care services, including chronic disease management, improved diagnostic capabilities, and integrated mental health and dental services.

Prioritizing resource allocation, capacity building, and stakeholder collaboration based on this data will enhance the hospital's ability to reduce disease burden and improve population health outcomes.

Based on the operational and service delivery performance of Engineer County Hospital for the Financial year 2024–2025 and the broader context of Kenya's health sector reforms, the following analysis outlines a recommended growth strategy in relation to industry trends, financial flexibility, challenges, and opportunities, while incorporating key events and demand patterns observed in the hospital's principal activities.

Growth Strategy Outlook

1. Industry Trend and Strategic Positioning

a. Growing Burden of Non-Communicable Diseases (NCDs)

- Observation: NCDs like hypertension and diabetes are among the top ten morbidities.
- Trend: Nationally, there is a shift toward chronic disease management, and UHC is emphasizing long-term outpatient follow-up, screening, and lifestyle interventions.

- **Strategy:**
 - Establish a chronic disease management unit with a registry for follow-up.
 - Expand community-based health outreach using CHP's and community units targeting lifestyle modification and early detection.

b. Emphasis on Preventive and Primary Healthcare

- **Observation:** High outpatient attendance and manageable inpatient load.
- **Trend:** Government direction is toward primary healthcare revitalization under UHC.
- **Strategy:**
 - Strengthen community health strategy with CHVs and digital tools.
 - Integrate health promotion and behaviour change communication campaigns, especially for hygiene, nutrition, and maternal health.

c. Digital Health Expansion-Taifa care digitization.

- **Trend:** MOH's push for e-health, telemedicine, and digitization of health records **through Taifa care.**
- **Strategy:**
 - Invest in electronic medical records (EMR)/HMIS

2. Financial Flexibility and Sustainability

a. SHA/MADISON insurance Reimbursement.

- **Observation:** The hospital conducts a high volume of surgeries, deliveries, and outpatient care—key SHA revenue streams.
- **Strategy:**
 - Optimize SHA claim processes to ensure timely reimbursement.
 - Expand SHA enrolment through facility-based campaigns.
 - Use revenue to **scale critical services** (e.g., surgical theatre capacity, diagnostics).

b. Leverage Public-Private Partnerships (PPP)

- **Opportunity:** There is growing space for contracting services (e.g., security, cleaning, locum for health care workers).
- **Strategy:**
 - Structure performance-based PPPs (Contacted cleaning, contracted security providers)
 -

3.

Challenges and Mitigation Strategies	
Challenge	Mitigation Strategy
Rising NCD burden	Integrate screening at OPD, active engagement of nutritionist and health promotion officer
Mental health demand/stigma	Partner with psychologists and engage in school outreach programs
Limited specialized personnel	Request for additional personnel and sponsoring specialist training.
Infrastructure strain in surgical	Prioritize theatre and ward expansion for surgical cases
Inconsistent supply of drugs and consumables	Strengthen supply chain monitoring and KEMSA coordination

4. Key Opportunities and Future Demand Projections

a. Rising Demand for Maternity and Neonatal Services

- **Trend:** Consistently high number of deliveries and C-sections.
- **Opportunity:**
 - Optimal utilization of maternity unit infrastructure and postnatal follow-up.
 - Invest in newborn unit care (NBU unit) and lactation counselling.

b. Specialized Clinics

- **Demand:** Increase in mental health, dental, ENT, and eye conditions.
- **Strategy:**
 - Establish a rotation of specialized clinics with visiting consultants.
 - Explore eye/dental camps.

c. Community Trust and Health-Seeking Behaviour

- High outpatient and inpatient turnout is a positive indicator of service trust.
- **Opportunity:** Expand community dialogue forums and suggestion/feedback systems to maintain accountability and patient-centred care.

5. Key Events and Strategic Inflection Points

Event/Trend	Strategic Response
Universal Health Coverage scale-up	Realign services to UHC benefit package; digitize reporting
RMNCAH strategic reviews	Expand ANC/PNC service package; integrate male involvement
KHIS/KHRIS integration	Ensure complete and accurate data reporting and analytics
Devolution and county budget cycles	Advocate for increased hospital budget allocation
Climate-sensitive diseases/seasonal trends	Prepare with pre-positioning of drugs, staff, and campaigns

Conclusion and Strategic Direction

Engineer County Hospital is well-positioned to grow into a referral facility in the region by:

- Aligning with national health priorities (UHC, NCDs, RMNCAH).
- Maximizing financial autonomy through SHA optimization and partnerships.
- Addressing emerging health trends such as mental health and chronic care.
- Building capacity for surgical and maternity care, in response to service demands.

Key Strategic Tendencies Moving Forward:

- Preventive care services.
- Specialization and outpatient-led chronic disease models.
- Technology adoption and data-driven planning.
- **Strategic partnerships** for infrastructure, staffing, and innovation.

With deliberate investment in these areas, the hospital can sustainably meet rising health needs and play a transformative role in delivering equitable, high-quality healthcare in Nyandarua County.

Section B

Entity’s compliance with statutory requirements

Engineer County Hospital complies with statutory obligations such as N.S.S.F deductions for support staff. Other statutory requirements such as Housing levy, N.H.I.F, N.S.S.F for other staff on UHC contract, probation and permanent and pensionable terms of service are done at the County human resource level, payroll unit. There are no ongoing or potential court cases on statutory compliance by any entity during the reporting period.

Section C

Key projects and investment decisions the entity is planning/implementing.

Engineer County Hospital is **undertaking** several critical projects and investment decisions aimed at strengthening its capacity to **deliver efficient, equitable, and high-quality healthcare services**. These initiatives are aligned with National Government strategic objectives under Universal Health Coverage (UHC), the Kenya Health Sector Strategic and Investment Plan (KHSSIP), and Vision 2030, which emphasize expanded access, infrastructure development, and improved health outcomes.

1. Establishment of a Newborn Unit (NBU)

Objective: To reduce neonatal morbidity and mortality by providing specialized care for preterm and ill newborns.

Rationale: The hospital has recorded increasing deliveries, including caesarean sections. Currently, there is no fully equipped neonatal unit, which **compromises** postnatal outcomes for high-risk newborns.

Viability: High – aligns with the RMNCAH Strategy and UHC's maternal and child health focus.

Financing: Internal revenue generated and donor support from NIST organization

Sustainability: NBU operations will be **supported** through recurrent budgets, SHA reimbursements for neonatal care, and continuous capacity **building** of clinical staff.

2. Expansion of Pathology and Laboratory Services

Objective: To enhance diagnostic capabilities for timely disease detection, treatment monitoring, and cancer screening.

Rationale: Increasing demand for laboratory services, including for NCDs and infectious diseases, requires upgraded infrastructure and **equipment** (e.g., histopathology, biochemistry, Advanced Microscope).

Viability: High – supports MOH diagnostic services scale-up, particularly in oncology chronic disease management and post mortem services.

Financing: Internal revenue from lab services

Sustainability: Operational costs will be sustained through SHA lab claim reimbursements and internal revenue retention.

3. Development of Ophthalmology Services Unit

Objective: To address the increasing burden of preventable and treatable eye conditions such as cataracts, conjunctivitis, and refractive errors.

Rationale: Ophthalmic conditions rank among the top ten morbidities; currently, there is no dedicated eye care clinic or specialist equipment.

Viability: High – aligns with National Eye Health Strategic Plan and contributes to reducing avoidable blindness.

Financing: Hospital own source revenue

: Support from donor programs and NGOs (e.g., Operation Eyesight, Lions Club)

Sustainability: Will operate through scheduled eye clinics and SHA capitation or reimbursement.

4. Liquid Medical Oxygen Project (Partnership with BOC Kenya Ltd)

Objective: To ensure uninterrupted oxygen supply by installing a bulk liquid oxygen tank to reduce costs and improve availability.

Rationale: Oxygen is critical for emergency, maternity, neonatal, and surgical units. Frequent cylinder shortages and high refilling costs affect care quality.

Viability: Very high – supports critical care delivery under UHC and is aligned with Kenya Medical Oxygen Roadmap (2025-2020), and guided by Kenya health policy 2014-2030 and the health products and technologies supply chain strategy 2020-2025

Financing: Public-Private Partnership (PPP) with BOC Kenya Ltd.

Sustainability: The project enjoys economies of scale through bulk procurement, reducing long-term oxygen costs. Maintenance agreements and cost-sharing with SHA revenue streams will ensure viability.

5. Facility Digitalization and EMR Integration through Taifa Care (Planned)

Objective: To improve clinical documentation, patient follow-up, reporting, and SHA claim processing.

Rationale: Manual data handling limits efficiency, exposes the hospital to compliance risks, and delays reimbursement.

Viability: High – supports eHealth Policy 2020–2030.

Financing: National Government

: County government ICT investment

: Exploring MoH digital health grants and donor tech support.

Sustainability: Low maintenance costs, training of internal IT champions, and reduced administrative burden will support sustainability.

Statement on Sustainability

All projects are aligned with the hospital’s mandate and long-term strategic objectives. A blended financing approach is being adopted, combining:

- County Government allocations
- SHA -generated internal revenue
- Grants and in-kind donations from development partners
- Public-private partnerships

Operational sustainability is ensured through:

- Cost-sharing mechanisms with SHA
- Phased implementation to match fiscal capacity
- Alignment with national service delivery priorities to attract donor and government support

Conclusion

The hospital’s current and planned projects are strategically viable, financially pragmatic, and socially impactful. They directly address service delivery gaps, improve patient outcomes, and position Engineer County Hospital as a critical level 4 health facility supporting Kenya’s health transformation agenda.

Section D

Major risks facing the entity.

Engineer County Hospital – Financial Year 2024/2025

This section outlines the key risks facing Engineer County Hospital, as guided by internal risk management framework. The risks have been categorized under Operational, Market, Capital, Credit, Liquidity, and Strategic risks, which may affect the hospital’s ability to meet its service delivery and financial objectives.

1. Operational Risks

These are risks that arise from **internal processes**, systems, personnel, or external events that disrupt daily hospital operations.

➤ **Inadequate Human Resources**

Shortage of specialized staff (e.g., Consultants, Surgeons, physicians, anaesthetists, Nurses etc.) limits the hospital's ability to meet growing service demand.

➤ **Infrastructure and Equipment Constraints**

Inadequate infrastructure, limited OPD space, Lack of pharmacy store, morgue walkway and frequent breakdowns of essential diagnostic and surgical equipment affect service quality and patient safety.

➤ **Frequent Medical Supply Stock-outs**

Delays in procurement or supply chain inefficiencies, including dependency on KEMSA, increase the risk of essential medicine and supply shortages.

➤ **Health Data Quality and System Downtime**

Incomplete or inaccurate reporting on KHIS/KHRIS and poor EMR functionality impair decision-making, planning, and compliance reporting.

2. Market Risks

These refer to external changes that affect demand for services, pricing models, or the competitive landscape.

➤ **Changing Disease Patterns**

Increased prevalence of NCDs (hypertension, diabetes) and mental health disorders shifts demand toward long-term outpatient care, requiring service model adjustments.

➤ **Population Growth and Increased Health-Seeking Behaviour**

Growing demand for maternal and child health, surgical, and chronic care services may outpace the hospital's capacity if infrastructure and staffing are not scaled up.

➤ **Policy and Regulatory Shifts**

Changes in national health financing models, UHC benefit package design, or SHA reimbursement policies may significantly affect revenue inflow and patient volumes.

➤ **Inadequate Ambulances for patient referral.**

Only one ambulance serves the entire of Kinangop Sub County.

3. Capital Risk

Capital risk refers to the risk that the hospital may not have adequate capital investment to support infrastructure development and modernization.

➤ **Underfunding of Capital Projects**

Dependency on county government allocations may result in delayed or incomplete capital projects, such as expansion of theatres, diagnostics, walkways etc.

➤ **Inadequate Maintenance of Medical Infrastructure**

Lack of dedicated capital reserves for equipment repair and replacement could lead to unplanned service disruptions.

Section E

Material arrears in statutory/financial obligations

Engineer county hospital had pending bills amounting to kshs. 20,601,394 owed to supplies as per the end of the reporting period. However, these bills are still manageable, and the entity can fulfil its obligations to service providers once the pending funds are reimbursed to the hospital.

Section F

The entity's financial probity and serious governance issues

The entity had ethical financial behaviour that was legal, transparent, and fair and there were no serious governance issues.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Engineer County hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability. To ensure that hospital operations are maintained despite the minimal financial resources, the hospital has put in measures to reduce on costs and increase revenue. In recent times the cost of living has gone up significantly while the hospital has largely maintained the cost of rendering services. The hospital management has undertaken to have accurate costing of services and updating the charges including presenting proposals for update of the County revenue bill/act. The management is also tracking expenditure to identify trends and manage cost by identifying the large cost centers.

To improve on revenue collection, the hospital has in plan a shift from paper to electronic hospital management information system to improve on efficiency and seal loopholes for revenue loss. We are also focusing on improving revenue from insurance by improving the claims process.

ii) Environmental performance

Cognizant of the impact and contribution to climate change, the hospital has progressively put in measures to address climate change. The hospital in the year under review, continued to increase trees coverage.

The organization has standard operating procedure (SOPs) for waste management in the facility from the user departments and the hospital compound. The hospital incinerator has a capacity of 70 kg/hour for waste management, an ashpit, a burning chamber and placenta pit for disposal of the placenta. The hospital's liquid waste is managed through a 0.075 M³ tank.

iii) Employee welfare

The hospital has employees mainly deployed by the County public service board, those in service pre devolution, contract staff from MOH and project staff by implementing partners. Female staff comprise 58% while the male staff comprise 42 % which is far above the require gender ratio. The hospital through the hospital board engages staff on casual basis mainly for clerical and sanitation work. The hospital human resource committee is engaged in hiring casual staff in consultation with the hospital board of management.

The organisation is in compliance with Occupational Safety and Health Act of 2007, (OSHA.) through its department of public health.

For the professional staff, the management also facilitates officers to attend annual professional development conferences and symposia. This is aimed at improving the knowledge and competencies available for service delivery. End of year parties and team building are also carried out to enhance team work.

iv) Market place practices: -

a) Responsible competition practice.

The hospital is a no- corruption zone. This is made known to our clients and stakeholders through communication as captured on our service charter and notices placed in strategic places in the hospital. With a population health-based approach, the hospital considers other health service providers in our market as collaborators more than competitors.

b) Responsible Supply chain and supplier relations

The institution is guided by relevant laws, regulations and policies in guiding its procurement practice. Notably this includes the public procurement and disposal act 2015 and accordant regulations among others. We uphold a non- discriminatory approach in awarding of tenders and adhere to payment timelines.

c) Responsible marketing and advertisement

The hospital upholds ethical marketing practises based on principles that ensure honesty, fairness, and respect for clients, competitors and the environment alike. The services the hospital offers are displayed on its service charter which also includes charges for the services and waiting time. The services that do not exist in the hospital are not advertised however referral is done to other health facilities with such services. This is more of a collaborative effort with other service providers.

d) Product stewardship

The hospital has strategically displayed a service charter to inform clients of available services. We also have the client rights strategically placed for reference.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are to provide curative, preventive, rehabilitative and promotive health services. This was done under various departments.

Results

The results of the entity for the year ended June 30th 2025 are set out on pages 1 to 5

Board of Management

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

Auditors

The Auditor General is responsible for the statutory audit of Engineer County Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....
Dr. Muraya Joram

Secretary to the Board

Engineer County Level 4 Hospital



12. Statement of Board of Management's Responsibilities

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


The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 27/10/2025 and signed on its behalf by:


.....
Daniel Gitau Mburu
Chairperson Board of Management
Engineer County Level 4 Hospital


.....
Dr. Muraya Joram
Accounting Officer
Engineer County Level 4 Hospital



REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Engineer County Level 4 Hospital set out on pages 1 to 22, which comprise of the statement of financial position

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Engineer 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 the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Presentation of Disclosures and Balances of Financial Statements

The statement of financial performance reflects Kshs.179,614,571 in respect of employee costs. However, Note 8 to the financial statements reflects Kshs.181,359,971 as total employee costs resulting to an unreconciled and unexplained variance of Kshs.1,745,400.

The statement of financial position reflects a balance of Kshs.37,492,024 and Kshs.31,954,264 for the financial year 2024/2025 and 2023/2024 respectively relating to receivables from exchange transactions as disclosed in Note 15 to the financial statement. The balance includes Kshs.19,757,545 and Kshs.19,616,744 for the financial year 2024/2025 and 2023/2024 respectively due from Nyandarua County Government. However, the County Revenue Fund financial statements for the year under review do not reflect any payables due to the Hospital.

In the circumstances, the accuracy and completeness of the financial statement balances and disclosures could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 15 to the financial statements reflects a balance of Kshs.37,492,024 in respect to receivables from exchange transactions. Included in this balance is Kshs.26,132,092 owed to the Hospital by NHIF and the County Government of Nyandarua that has been long outstanding for over two (2) years. In addition, the County Revenue Fund financial statement for the year under review does not reflect any payables due to the Hospital.

In the circumstances, the accuracy, completeness and recoverability of receivable from exchange transactions balance could not be confirmed.

3. Unsupported Inventory Balances

The statement of financial position and as disclosed in Note 16 to the financial statements reflects inventory balance of Kshs.5,325,784 for the year under review. However, Management did not provide approved stock take reports as at 30 June, 2025 from the different stores operated by the Hospital to support the inventory balances.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.5,325,784 could not be confirmed.

4. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.368,100,113. However, the register of fixed assets provided for audit revealed that the Hospital owns several other assets including new buildings that have not been valued and disclosed under the summary of fixed assets section of the financial statements. This is contrary to paragraph 12 of IPSAS 45 on property, plant and equipment which requires assets acquired through non-exchange transactions to be measured at fair value as at the date of acquisition. In addition, the Hospital owns two (2) vehicles whose ownership documents were not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.368,100,113 could not be confirmed.

5. Undisclosed Intangible Assets

During the year under review, the Hospital management used and operated a billing software (MEDBOS) integrated with MPESA for collection of revenue in the hospital. However, Management has not disclosed the value of the software in the financial statements.

In the circumstances, the accuracy and completeness of Nil balance of intangible could not be confirmed.

6. Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 18 to the financial statements reflects Kshs.20,601,391 in respect to trade and other payables which further includes Kshs.3,758,524 owned to two (2) suppliers of equipment which has been outstanding for more two (2) years. In addition, trade payables increased during the year by Kshs.10,213,159 from opening balances of Kshs.10,388,235. The continued increase in trade and other payables may be an indication that the Hospital is unable to settle financial obligations as and when they fall due.

In the circumstances, the ability of the Hospital to settle debts as and when due is doubtful and the validity, accuracy and completeness of trade and other payables could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amount of Kshs.79,329,743 and Kshs.49,379,658 respectively, resulting to budget underfunding of Kshs.29,950,085 or 38% of the approved budget.

The underfunding of the approved budget affects the planned activities and may have negatively impacted service delivery to the public and the increased trade and other payables.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Entity in 2024/2025 revealed that the following matters remained unresolved.

No	Financial Year	Audit Issue
1	2023/2024	Misstated and Unsupported Revenue from Rendering Services
2	2023/2024	Unsupported Inventories
3	2023/2024	Inaccuracies in Property, Plant and Equipment
4	2023/2024	Non-Compliance with Law on Staff Ethnic Diversity
5	2023/2024	Non-compliance with Quality Model for Health Policy Guideline
6	2023/2024	Lack of Risk Management Policy and Disaster Recovery Plan (DRP)
7	2023/2024	Lack of an Internal Audit Function

Other Information

The Management is responsible for the Other Information set out on page i to xliv which comprise of Key Entity Information and Management, 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, Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Engineer County Level 4 Hospital financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in 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. Failure to Submit Quarterly Report and Financial Statements

The Hospital has to date not submitted to the Auditor-General quarterly report and financial statement for the period ended 30 September, 2024, 31 December, 2024 and 31 March, 2025 and 30 June, 2025. This is contrary to the Section 166 (2) of the Public Finance Management Act, 2012 and Paragraph 207 of the Public Finance Management (County Government) Regulations, 2015.

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

2. Irregular Engagement of Casuals

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects Kshs.181,359,971 in respect to employee costs which further includes Kshs.8,026,658 for casual wages. An analysis of the casual payment details provided for audit revealed that the Hospital engaged forty (40) casual employees for more than three

(3) months continuously for the whole financial year. The failure to terminate contracts for temporary employees on attaining 3 months exposes the Hospital to litigation for unlawful terms of employment. Further, Management did not provide authority for the approved monthly rate used to pay the wages. This is contrary to Section 37(1b)(1c) of the Employment Act, 2017.

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

3. Compliance with Law on Procurement Planning

Review of the procurement plan format used by the accounting officer revealed the annual approved procurement plan provided for audit did not contain the required details which includes; the source of funds column, the status column and the completion dates for all goods, works, or services required. This is contrary to Regulation 41 of Public Procurement and Asset Disposal Regulations 2020. In addition, no quarterly reports on the implementation of the annual procurement plan were prepared contrary to regulation 40(6) of the Public Procurement and Asset Disposal Regulation 2020.

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

4. Non-Compliance with Public Procurement Capacity Building Levy order

During the year under review, the Hospital procured goods and services through procurement contracts amounting to Kshs.29,949,525. However, Management did not deduct and remit public procurement capacity building levy at the rate of 0.03% of the contract sum before paying the suppliers. This is contrary to paragraph 3(1) of The Public Procurement Capacity Building Levy order, 2023 and paragraph 5 and 6 of Public Procurement Regulatory Authority Circular No 01/2024.

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

5. Non-Compliance with Standards for Upgrade to Level 4 Hospital

Inspection of health infrastructure and facilities at the Hospital revealed shortfalls for upgrade to Level 4 Hospital. In addition, the Hospital has inadequate staff leading to some departments like occupation therapy, radiology and imaging and Laboratory unit unable to operate. Without these facilities and staff, the Hospital may not be able to provide services to the residents at the expected level for a Level 4 Hospital.

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 THE 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 the 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 Internal Audit Function

During the year under review the Hospital did not have an internal audit function in place. This was contrary to Regulation 155(2) of the Public Finance Management (County Governments) Regulation, 2015 which provides that an Accounting Officer should ensure that the organizational structure of the internal audit unit is sufficient.

In absence of internal audit function, the effectiveness of assurance on risk management and operational internal controls could not be confirmed.

2. Lack of an Approved Policy Manuals and Documents

2.1 Lack of Risk Management and Disaster Recovery Policy and Plan

Review of the internal controls system in place, revealed that the entity does not have a Risk Management Policy and a Disaster Recovery Plan. Therefore, there is no structure to identify operational risks and a risk management policy to control and mitigate financial, operational, disaster recovery and business continuity risks.

2.2 Lack of an Approved Disaster and Business Continuity Plan

Audit revealed that the Hospital does not have a Disaster recovery and Business Continuity plan in place. Without this document service provision at the Hospital may be interrupted greatly in case of a disaster. No explanation was provided as to why these documents have not been prepared and approved for use.

2.3 Lack of Information Technology Policy and Manual

Examination of documents at the Hospital revealed that the Hospital does not have an approved information Technology policies and procedures manual. The Hospital is therefore at risk of loss of critical data. In addition, it was observed that the ICT department has only one staff member on contract.

In the circumstances, the effectiveness of internal assurance on risk management operational controls and business continuity of the Hospital in case of disaster could not be confirmed.

3. Weaknesses of Hospital Board

3.1 Irregular Constitution of Hospital Board Committees

Review of documents including board member's personal files revealed that the board did not have a member with expertise in financial management or accounting and a member of a professional body that regulates the accounting profession contrary to paragraph 1.1.6 of Mwongozo (The Code of Governance).

Further, the board established three (3) committees namely finance, quality assurance and audit committees. However, the audit and finance committee members do not have expertise in finance. The Board co-opted an accountant in the committees but without the approval from ICPAK, the accountant's oversight body contrary to paragraph 1.7.3 and 4 of Mwongozo (The Code of Governance for State Corporations).

a. Lack of a Board Work Plan

During the year under review the board of the did not have an approved work plan. It was therefore not clear how the board budgeted and planned for the annual meetings during the year under review contrary to Section 1.9.1 of Mwongozo code of governance.

b. Annual Evaluation of Board Performance

Review of board minutes and interviews conducted during the audit revealed that the board did not conduct an evaluation of its performance for the financial year 2024/2025 contrary to chapter 1 paragraph 1.12 of Mwongozo 2015.

In the circumstances, the effectiveness of the Hospital board of Management could not be confirmed.

4. Weaknesses in Inventory Management

Review of the inventory management internal controls and procedures revealed the following anomalies;

- i. The Hospital's main store did not have shelves for proper storage and organization of the inventory and for proper recording, retrieval to avoid misplacement.
- ii. The store did not have any fire protection mechanisms such as fire extinguishers or sprinklers to prevent loss in case of any fire.
- iii. Management did not request for authorization for write-off and scrapping of obsolete items.
- iv. Management did not maintain a lost stock register filled for every inventory lost/stolen or vandalized.

In the circumstances, the internal controls over the inventory management could not be confirmed.

5. Failure to Dispose of Expired Drugs

Physical verification during the audit of the inventory in the stores revealed that the Hospital had boxes of expired drugs which had not disposed. It is not clear why the Hospital did not utilize the drugs before expiry by observing first expiry first out (FEFO) policy. Further, Management did not provide a disposals plan and an updated list of expired drugs for disposal. There was also no request to the County Government for disposal of the drugs.

In the circumstances, effectiveness of internal controls by observing first expiry first out (FEFO) policy of inventory management could not be confirmed.

6. Ineffectiveness on Assets' Management

a. Lack of Updated Asset Register

Fixed assets register does not disclose the date of acquisition of the assets and the respective costs of these assets. Further, the Hospital has not developed or disclosed the depreciation policy on the non-current assets on the register. In addition, most of the assets have not been tagged for ease of tracking and verification.

b. Failure to Dispose of Unserviceable Assets

Audit of the assets register and physical verification revealed that some assets including two vehicles and a motorcycle were obsolete, non-functional and unserviceable. However, Management did not provide the annual disposal plan for the asset for audit review.

In the circumstances, the efficiency and effectiveness of assets management 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 Hospital's 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.

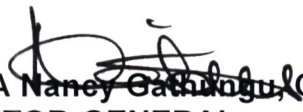
Auditor-General's Responsibilities for the Audit

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

13 November, 2025


Engineer County Level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Notes	Period ended June 30 th 2025	Period ended June 30 th 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government	5	176,266,553	167,970,206
Total Revenue from non-exchange transactions		176,266,553	167,970,206
Revenue from exchange transactions			
Rendering of services- Medical Service Income	6	53,785,934	47,200,853
Revenue from exchange transactions		53,785,934	47,200,853
Total revenue		230,052,487	215,171,059
Expenses			
Medical/Clinical costs	7	29,267,701	24,425,668
Employee costs	8	179,614,571	165,772,081
Board of Management Expenses	9	1,159,363	500,936
Depreciation and amortization expense	10	13,440,002	9,304,833
Repairs and maintenance	11	1,089,366	1,140,840
General expenses	12	13,514,616	13,910,273
Total expenses		238,085,619	215,054,631
Other gains/(losses)			
Medical services waivers	13	73,460	21,270
Total Other losses		73,460	21,270
Net Deficit for the Period		-8,106,592	95,158

The Hospital's financial statements were approved by the Board on 27/10/2025 and signed on its behalf by:


 Daniel Gitau Mburu
 Chairman
 Board of Management


 CPA Roseline Mbogoh
 Head of Finance
 ICPAK No: 15236


 Dr. Muraya Joram
 Medical Superintendent



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Engineer County Level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Notes	Period ended June 30 th 2025	Period ended June 30 th 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	7,641,867	1,064,143
Receivables from exchange transactions	15	37,492,024	31,954,264
Inventories	16	5,325,784	5,001,749
Total Current Assets		50,459,675	38,020,156
Non-current assets			
Property, plant, and equipment	17	368,100,113	365,178,465
Total Non-current Assets		368,100,113	365,178,465
Total Assets		418,559,788	403,198,621
Liabilities			
Current liabilities			
Trade and other payables	18	20,601,394	12,133,635
Total Current Liabilities		20,601,394	12,133,635
Total Non-current Liabilities		-	-
Total Liabilities		20,601,394	12,133,635
NET ASSETS		397,958,394	391,064,986
Represented By:			
Revaluation reserve		-	-
Accumulated surplus		8,471,096	16,577,688
Capital Fund		389,487,298	374,487,298
NET ASSETS		397,958,394	391,064,986

The Hospital's financial statements were approved by the Board on 27/10/2025 and signed on its behalf by:



Daniel Gitau Mburu
Chairman
Board of Management



CPA Roseline Mbogoh
Head of Finance
ICPAK No: 15236



Dr. Muraya Joram
Medical Superintendent



*Engineer County Level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Revaluation reserve	Accumulated surplus	Capital Fund	Total
As at July 1, 2023	-	16,482,530	359,591,318	376,073,848
Revaluation gain	-	-	-	-
Surplus for the year	-	95,158	-	95,158
Capital grants	-	-	14,895,980	14,895,980
As at June 30, 2024	-	16,577,688	374,482,298	391,064,986
At July 1, 2024	-	16,577,688	374,487,298	391,064,986
Revaluation gain	-	-	-	-
Deficit for the period	-	(8,106,592)	-	(8,106,592)
Capital funds	-	-	15,000,000	15,000,000
At June 30th, 2025	-	8,471,096	389,487,298	397,958,394

*Engineer County Level 4 Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Notes	Period ended June 30 th 2025	Period ended June 30 th 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	27,891,096
Rendering of services- Medical Service Income		48,315,515	26,200,445
Total Receipts		48,315,515	54,091,541
Payments			
Medical/Clinical costs		15,045,700	12,508,433
Employee costs		9,306,836	4,655,383
Board of Management Expenses		1,159,363	500,936
Repairs and maintenance		465,926	1,253,961
General expenses		14,832,615	10,539,673
Transfers to County Government		140,801	25,680,471
Total Payments		40,951,241	55,138,857
Net cash flows from/ (used in) operating activities	19	7,364,274	(1,047,316)
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		(786,550)	(1,424,780)
Net cash flows from /(used in) investing activities		(786,550)	(1,424,780)
Net increase/(decrease) in cash and cash equivalents		6,577,724	(2,472,096)
Cash and cash equivalents at 1 July		1,064,143	3,536,238
Cash and cash equivalents at June 30th, 2025	14	7,641,867	1,064,142

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18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th 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	1,064,143	-	1,064,143	1,064,143	-	100%
Receipts						
Transfer from County Government	19,616,744	-	19,616,744	-	19,616,744	0%
Receivables from insurance (NHIF and MINET)	12,337,520	-	12,337,520	5,822,172	6,515,348	47%
Rendering of services- Medical Service Income	46,311,336	-	46,311,336	42,493,343	3,817,993	92%
Total receipts	79,329,743	-	79,329,743	49,379,658	29,950,085	62%
Payments						
Medical/Clinical costs	32,380,405	-	32,380,405	15,045,700	17,334,705	46%
Employee costs	10,246,176	-	10,246,176	9,306,836	939,340	91%
Remuneration of directors	1,390,800	-	1,390,800	1,159,363	231,437	83%
Repairs and maintenance	2,355,830	-	2,355,830	465,926	1,889,904	20%
General expenses	22,635,189	-	22,635,189	14,832,615	7,802,574	66%
Total Operational Expenditure	69,008,400	-	69,008,400	40,810,440	28,197,960	59%
Capital Expenditure	9,257,200	-	9,257,200	786,550	8,470,650	8%
SURPLUS				7,782,668		

Reasons for 10% over/ under utilization

- Projected revenue from receivables (from County Government and NHIF) was not realized/partially realized resulting to under expenditure.

Engineer County Level 4 Hospital (Nyandarua County Government)
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Budget Reconciliation

	Description of Particulars	Amount in Kshs
1.	Actual Surplus Amounts as per the statement of Budget	7,782,668
2.	Less: Transfers to CRF	140,801
3.	Closing Cash and Cash Equivalent as per the statement of Cash flows	7,641,867

19. Notes to the Financial Statements

1. General Information

Engineer County level 4 hospital is established by and derives its authority and accountability from PFM Act. The hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The hospital's principal activity is to provide medical services.

2. Statement Of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital.

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Summary of Significant Accounting Policies

a. Rendering of services

Engineer County level 4 Hospital recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured once services have been rendered and payment made or claim raised with the insurance.

b. Budget information

Engineer County level 4 Hospital prepared budget estimates for the Fyr 2024/2025. However, the budget is implemented with sub budgets prepared as revenue is generated.

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

Notes to the Financial Statements (Continued)

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 quarterly budgets.

c. Property, plant and equipment

Property, plant and equipment reported are those acquired during the year and the previous year. These have been reported at NBV. The hospital has other Property, plant and equipment in terms of land, buildings, equipment's, furniture and fittings that have not been reported. This is because the original costs and year of acquisitions are not available.

The process of valuation is underway.

d. Inventories

Inventory have been measured at cost.

e. 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. No amounts of receivables have been considered irrecoverable during the reporting period.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Bank account balances are the amounts held with the two hospital accounts at Co-operative Bank of Kenya as at 30TH June, 2025.

g. Comparative figures

No comparative figures for the previous financial year have been amended or reconfigured.

Notes to the Financial Statements (Continued)

h. 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 30th, 2025.

4. Significant Judgments and Sources of Estimation Uncertainty

In conformity with IPSAS requirements, Engineer County level 4 hospital management has not made any judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. The reported amounts are as per their carrying value.

5. In Kind Contributions from The County Government

Description	Period ended June 2025	Period ended June 2024
	KShs	KShs
Salaries and wages	172,053,135	159,371,298
Pharmaceuticals and Non-Pharmaceutical Supplies	4,213,418	8,598,908
Total grants in kind	176,266,553	167,970,206

Notes to the Financial Statements (Continued)

6. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	2,146,964	1,997,380
Laboratory	3,686,150	2,725,280
Radiology	3,385,150	3,412,300
Orthopaedic and Trauma Technology	526,200	376,050
Medical Services	333,500	621,300
In-Patient Services	749,120	351,900
Nutrition service	24,600	18,200
Medical Records	2,069,960	1,845,870
Dental services	915,200	971,100
Eye Clinic	42,400	-
Executive Administration	348,500	232,500
Mental Health Clinic	119,100	88,500
Dermatology	85,600	56,000
Occupational & Physio Therapy	234,400	126,000
Farewell home services	2,084,600	2,188,100
ENT Services	75,900	-
MCH Services	417,150	-
Ambulance Services	136,000	-
Maternity Services	3,785,000	-
Out-Patient Services	663,070	581,030
Gynae Services	184,600	-
Waivers/Income foregone	73,460	21,270
MINET Insurance Scheme	3,371,221	967,380
NHIF Inpatient	3,957,000	16,187,018
NHIF Capitations	3,241,528	14,433,675
PHC Funds	7,187,036	-
SHA Funds	13,942,525	-
Total revenue from the rendering of services	53,785,934	47,200,853

Notes to the Financial Statements (Continued)

7. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	760,050	543,000
Laboratory chemicals and reagents	3,435,471	3,136,265
Food and Ration	7,095,496	3,255,563
Uniform, clothing, and linen	2,154,272	1,403,412
Dressing and non-pharmaceuticals	4,966,640	3,274,978
Pharmaceutical supplies	2,785,614	2,163,217
Health information stationery	1,721,276	1,075,517
Sanitary and cleansing Materials	1,058,816	631,958
Purchase of Medical gases	815,000	126,000
X-Ray/Radiology supplies	261,648	216,850
Pharmaceuticals & Non-pharms from County Gov.	4,213,418	8,598,908
Total medical/ clinical costs	29,267,701	24,425,668

8. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	161,741,940	151,586,424
Contributions to pension schemes	10,311,195	7,784,874
Casual wages/Labor	8,026,658	5,592,100
Statutory deductions	1,280,178	808,683
Employee costs	181,359,971	165,772,081

9. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Sitting allowance	1,159,363	500,936
Mileage		
Induction and training		
Travel and accommodation allowance		
Total	1,159,363	500,936

Notes to the Financial Statements (Continued)

10. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	13,440,002	9,308,833
Total depreciation and amortization	13,440,002	9,308,833

11. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Medical equipment	365,140	126,140
Motor vehicle expenses	301,016	164,480
Maintenance of civil works/Buildings	423,210	850,220
Total repairs and maintenance	1,089,366	1,140,840

12. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Subscription to Trade & Professional bodies	85,050	-
Catering expenses	315,170	900,815
Bank charges	24,426	24,075
Electricity expenses	7,375,041	7,374,161
Fuel and Lubricants for transport	1,865,885	2,169,249
Other fuels (cooking gas)	667,900	336,000
Travel and accommodation allowance	1,460,980	1,365,070
Courier and postal services	10,950	8,375
Supplies & Accessories for computers	576,500	734,200
Telephone and mobile phone services	126,000	286,000
Staff training and development	415,050	459,453
General Office supplies	591,664	252,875
Total General Expenses	13,514,616	13,910,273

13. Medical Services Contracts Losses

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Waivers	73,460	21,270
Total Loss	73,460	21,270

Notes to the Financial Statements (Continued)

14. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	7,641,867	1,064,143
Cash in hand	-	-
Total cash and cash equivalents	7,641,867	1,064,143

(a). Detailed Analysis of Cash and Cash Equivalents

Description		Period ended June 2025	Period ended June 2024
Financial institution	Account number	KShs	KShs
a) Current account			
Co-operative Bank	01141605107000	6,964,995	1,064,143
Co-operative Bank	01141605107001	676,872	-
Cash in Hand		-	-
Total		7,641,867	1,064,143

15. Receivables from Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services - NHIF	10,472,348	11,382,590
Medical services - SHA	5,117,660	0
Medical services - MINET	2,144,471	955,930
Nyandarua County Government	19,757,545	19,616,744
Total receivables	37,492,024	31,955,264

Analysis of Receivables from Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	11,359,932	30%	31,954,264	100%
Between 1- 2 years	26,132,092	70%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	37,492,024	100%	31,954,264	100%

Notes to the Financial Statements (Continued)

16. Inventories

Description	Period ended June 2025	Period ended June 2024
	KShs	KShs
Pharmaceutical supplies	1,789,500	1,493,436
Non-Pharmaceutical supplies	870,414	791,320
Food supplies	181,250	-
Linen and clothing supplies	1,770,000	1,800,500
Cleaning materials supplies	318,200	21,680
General supplies	29,370	113,170
Printing & Publishing Supplies	237,300	171,020
Laboratory Supplies	129,750	610,623
Total	5,325,784	5,001,749

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	5,001,749	7,035,057
Additional Inventory in the year	30,679,035	25,412,743
Inventory expensed in the year	30,355,000	27,446,051
Write-downs in the year	-	-
Closing balance	5,325,784	5,001,749

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	General Equipment's	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2023	-	356,444,561	-	369,169	634,378	679,480	1,458,730	359,586,318
Additions	-	-	10,490,000	340,720	666,260	480,000	2,919,000	14,895,980
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	356,444,561	10,490,000	709,889	1,300,638	1,159,480	4,377,730	374,482,298
At 1 July 2024	-	356,444,561	10,490,000	709,889	1,300,638	1,159,480	4,377,730	374,482,298
Additions	15,000,000	-	-	306,850	46,000	388,700	620,100	16,361,650
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2025	15,000,000	356,444,561	10,490,000	1,016,739	1,346,638	1,548,180	4,997,830	390,843,948
Depreciation and impairment								
At 1 July 2023	-	-	-	-	-	-	-	-
Depreciation for the year	-	8,911,114	-	46,146	79,297	84,935	182,341	9,303,833
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	General Equipment's	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 June 2024	-	8,911,114	-	46,146	79,297	84,935	182,341	9,303,833
At July 2024	-	8,911,114	-	46,146	79,297	84,935	182,341	9,303,833
Depreciation		8,688,336	2,622,500	242,648	316,835	365,811	1,203,872	13,440,002
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
At 30th June 2025	-	17,599,450	2,622,500	288,794	396,132	450,746	1,386,213	22,743,835
Net book values								
At 30 th Jun 2024	-	347,533,447	10,490,000	663,743	1,221,341	1,074,545	4,195,389	365,178,465
At 30 th Jun 2025	15,000,000	338,845,111	7,867,500	727,945	950,506	1,097,434	3,611,617	368,100,113

Notes to the Financial Statements (Continued)

18. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	20,601,394		10,388,235	
Employee dues	-		1,745,400	
Total trade and other payables	20,601,394		12,133,635	
Ageing analysis:	FY 2023/2024	% of the total	FY 2022/2023	% of the total
Under one year	16,842,870	100%	12,133,635	100%
1-2 years	3,758,524	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	20,601,394	100%	12,133,635	100%

19. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus /Deficit for the year before tax	(8,106,592)	-
Adjusted for:		
Depreciation	13,440,002	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(899,135)	-
Increase in receivables	(5,537,760)	-
Increase in deferred income	-	-
Increase in payables	8,467,759	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	7,364,274	-

Notes to the Financial Statements (Continued)

20. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company'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 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. Management assesses the credit quality of each customer, taking into account its financial position and past experience.

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	12,337,520	12,337,520	-	-
Receivables from County Government	19,616,744	19,616,744		
Bank balances	1,064,143	1,064,143	-	-
Total	33,018,407	33,018,407	-	-
At 30 June 2025				
Receivables from exchange transactions	17,734,479	17,734,479	-	-
Receivables from County Government	19,757,545	19,757,545		
Bank balances	7,641,867	7,641,867	-	-
Total	45,133,891	45,133,891	-	-

The credit risk associated with these receivables is minimal. However, the entity has significant concentration of credit risk on amounts due from NHIF. No allowance for uncollectible amounts has been recognized yet.

(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.

Engineer County Level 4 Hospital (Nyandarua County Government)
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Notes to the Financial Statements (Continued)

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	Under 5 months	Over 5 months	Total
	Kshs	Kshs	Kshs		Kshs
At 30 June 2024					
Trade payables	4,611,534	4,590,780	1,185,921	-	10,388,235
Employee benefit obligation	-	1,745,400	-	-	1,745,400
Total	4,611,534	6,336,180	1,185,921	-	12,133,635
At 30 June 2024					
Trade payables	8,000,027	2,799,636	5,240,717	4,561,014	20,601,394
Employee benefit obligation	-	-	-	-	-
Total	8,000,027	2,799,636	5,240,717	4,561,014	20,601,394

21. Related Party Balances

Government of Kenya

The Government of Kenya is the principal shareholder of Engineer County level 4 Hospital, holding 100% of the hospital's equity interest. Other related parties include:

- I. The National Government;
- II. Ministry of Health;
- III. County Government of Nyandarua;
- IV. Nyandarua County Health Management Team;
- V. Board of directors;

22. Events After the Reporting Period

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

23. Ultimate And Holding Entity

Engineer County level 4 hospital is a State Corporation under the Ministry of Health and domiciled under the County government of Nyandarua. Its ultimate parent is the Government of Kenya.

24. Currency

The financial statements are presented in Kenya Shillings (Ksh)

25. 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. 63 on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Misstated and Unsupported Revenue from Rendering Services</p> <p>The statement of financial performance and as disclosed in Note 5 to the financial statements reflects rendering of services-medical service income amount of Kshs47,200,853. However, NHIF's capitation and Linda mama amounts of kshs. 14,433,675 and kshs. 16,187,018 respectively all totalling to kshs. 30,620,693 were not supported by detailed schedules indicating the individual beneficiaries. In the circumstances, the accuracy, validity and completeness of revenue from the rendering of services of kshs. 30,620,693 could not be confirmed.</p>	<p>In the current year under review, all the revenue has been accounted for as per the individual beneficiary.</p>	<p>Resolved</p>	

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Reference No. 63on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Unsupported Inventories</p> <p>The statement of financial position and as disclosed under note 15 to the financial statements reflects inventories balance of Kshs 5,001,749. However, balance was not supported by annual stock take report as at 30th June, 2024.</p> <p>In the circumstances, the accuracy, completeness and valuation of the inventory's balance of Kshs. 5,001,749 could not be confirmed.</p>	<p>Stock count was conducted on 1st July, 2024 to ascertain the quantities of stock balances as at 30 June, 2024.</p> <p>Consequently, the stock was valued at cost.</p>	Resolved	
	<p>Inaccuracies in Property, Plant and Equipment Balance</p> <p>The statement of financial position and as disclosed in note 16 to the financial position reflects Property, plant and equipment balance of Kshs. 365,178,465. However, the register of fixed assets provided for audit revealed that the hospital owns several other assets that have not been valued and disclosed under the summary of fixed assets section of the financial statements.</p> <p>In the circumstances, the accuracy and completeness of Property, plant and</p>	<p>The process to have the movable and non-movable assets valued is underway. A committee to undertake the exercise is already in place. The hospital management will work closely with other relevant departments through the department of health to have the assets valued and also maintain an asset register.</p>	Unresolved	Uncertain

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Reference No. 63 on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	equipment balance of kshs. 365,178,465 could not be confirmed.			
	Lack of ownership document for land	Land title deed for the hospital was obtained in 2025 and is available. Additional land of 1.5 acres title deeds is also available	Resolved	
	Fixed asset Register	Available	Resolved	



Dr. Muraya Joram
Accounting Officer

MEDICAL SUPERINTENDENT
ENGINEER COUNTY
HOSPITAL
27 OCT 2025
P.O. Box 103 - 20318,
NORTH KINANGOP.

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