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REPORT

OF

THE AUDITOR-GENERAL

ON

ITEN COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF ELGEYO
MARAkwET

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ITEN COUNTY REFERRAL HOSPITAL ELGEYO MARAKWET COUNTY GOVERNMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

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

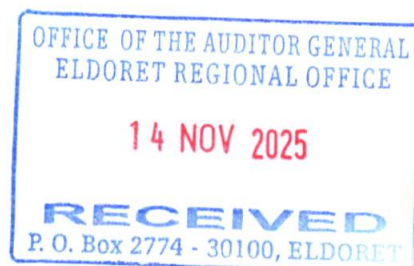


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1. Acronyms & Glossary of Terms

A: Acronyms and Abbreviations

ALOS - Average Length of Stay
ANC - Antenatal Care

A& E - Accident and Emergency
CBK - Central Bank of Kenya

CEO - Chief Executive Officer

CMES - Continuing Medical Education
CO₂ - Carbon Dioxide
Covid19 - Coronavirus Disease 2019
CPA - Certified Public Accountant

CSR - Corporate Social Responsibility
CT - Computed Tomography
DG - Director General
EEC - Executive Expenditure Committee
ENT - Ear Nose and Throat
FIF - Facility Improvement Financing
FY - Financial Year

GOPC - Gynaecology Outpatient Clinic
H.E - His Excellency
HDU - High Dependency Units
HMB - Hospital Management Board
HMC - Hospital Management Committee

HMT - Hospital Management Team
HOD - Head of Department
IHRM - Institute of Human Resource Management
ICPAK - Institute of Certified Public Accountants of Kenya
ICPAK - Institute of Certified Public Accountants of Kenya

B: Glossary of Terms

Fiduciary Management - Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year - Means the prior period.

ICRH - Iten County Referral Hospital
ICT - Information and Communication Technology
ICU - Intensive Care Unit
IPSAS - International Public Sector Accounting Standards
IPSASB - International Public Sector Accounting Standards Board
KEMSA - Kenya Medical Supplies Authority
KDSP - Kenya Devolution Support Programme
KMTC - Kenya Medical Training College
MEDS - Mission for Essential Drugs and Supplies
MOH - Ministry of Health
MOPC - Medical Outpatient Clinic
NHIF - National Hospital Insurance Fund
NSSF - National Social Security Fund
OAG - Office of the Auditor General
OEO - Operation Eyesight Universal
OSHA - Occupational Safety and Health Act of 2007
PFM - Public Finance Management
POPC - Paediatrics Outpatient Clinic
PPE - Property Plant & Equipment
PPP - Public Private Partnership
PSASB - Public Sector Accounting Standards Board
QHC - Quality Healthcare
SDGS - Sustainable Development Goals
SNA - System of National Accounts
SOPC - Surgical Outpatient Clinic
WB - World Bank

2. Key Entity Information and Management

(a) Background information

Iten County referral Hospital (ICRH) is a level five hospital sitting on a 16-ha plot of land, established in the year 1978. Full operationalization of the outpatient department took place in 1985 and inpatient services started in June 1986. The hospital was gazette in the year 1989 via gazette notice XCL-NO. 4 and is domiciled in Elgeyo Marakwet County under the Health and Sanitation Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The core mandate of the hospital is to provide high quality health care services to the community. The hospital plays its role in the county by providing a wide range of health services in partnership with the greater community and other institutions. Some of the roles played by the hospital in the county include: acting as a county referral hospitals for the 6 sub county hospitals and as an intermediary to the National and Teaching referral hospitals; implementation of health policy at facility level and maintaining quality standards; Serving as a county centres for provision of specialized health care; offering teaching and training for healthcare personnel such as nurses, medical interns, pharmacist interns, pharmaceutical technologist interns, laboratory technologists, health records and information officers and nutritionists; and providing technical support to sub-county hospitals and health centres.

Vision

To provide quality and efficient specialized services to its clients hence achieving excellence in healthcare for all.

Mission

Ensuring the community has equitable access to high quality patient centred specialized services that are: Timely, evidence-based, culturally appropriate and efficient; Provided by highly skilled staff who are committed, accountable and valued; and supported by leading edge research, education and technologies.

Core Values

- Team Work
- Openness
- Respect
- Empowerment
- Confidentiality

(c) Key Management

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

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

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|---|------------------------|
| 1. | Medical Superintendent | Dr. Lawrence Kogos |
| 2. | Head of Nursing Services | Mrs Alice cherop |
| 3. | Head of Emergency Services | Dr Castro Mugalla |
| 4. | Head of Internal Medicine | Dr. Sylvia Mibey |
| 5. | Head of Surgical Services | Dr. Shazim M. Harunani |
| 6. | Head of Paediatrics | Dr. Winfred Ndinguri |
| 7. | Director economic and planning | Mr. Kevin Biwot |
| 8. | Hospital Administrator | Mr. Paul Biwott |
| 9. | Director Medical services | Dr. Isaac Kipyego |
| 10. | Chief Officer Health and Sanitation | Mr. Jeremiah Chirchir |
| 11. | Director Accounting Services | Mr. Johnkeen Murkeu |
| 12. | Chief Officer Finance and Economic Planning | Mr. Peter Chesos |

(e) Fiduciary Oversight Arrangements

- i) Board of Management
- ii) County Audit Committee
- iii) County Assembly Department Committee on Health

Key Entity Information and Management (continued)

(f) Entity Headquarters

Iten County Referral Hospital,
Located at: Iten Kapsowar Road, Iten,
P.O. Box 332-37000,
Iten, Kenya

(g) **Entity Contacts** Telephone: (+254) 785138562

E-mail: icrhadmin@elgeyomarakwet.go.ke

(h) **Iten County Referral Hospital Bankers**

Kenya Commercial Bank Limited, Iten Branch,
P. O. Box 30081 - 00100,
Nairobi, Kenya.

Equity Bank Limited, Iten Branch,
P.O. Box 75104 – 00200,
Nairobi, Kenya.

(i) **Independent Auditors**

Office of Auditor General,
Kenya National Audit Office,
Anniversary Towers, University 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. 332 – 30700,
Iten, Kenya

3. The Board of Management ✓






| Ref | Directors | Details |
|-----|--|---|
| 1. |  CPA Reuben K. Chesire Board Chairman | <p>CPA Reuben K. Chesire serves as the Chairman of the ICRH Board of Management, a position he has held since his appointment on January 7, 2022. In addition, he is the Head of Government Projects & Funds Sector within the Public Sector Division at the Kenya Revenue Authority (KRA). With over 20 years of professional experience, Reuben has held various key roles, including leading the Audit Program, the Compliance Unit, and serving as Sector Head for several programs.</p> <p>He holds a Master's degree in Business Administration (Finance) from the University of Nairobi and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> |
| 2. |  Dr. Lawrence kogos | <p>Dr. kogos serves as a secretary of icrh board of management. He also hold position as a medical superintended in ICRH.</p> <p>Holds MBCHB from Moi university and Senior management course from Kenya school of government</p> |
| 3. |  Dr John Kibosia | <p>Dr. John Kibosia serves as a board member. He is the Chief Surgical Specialist Emeritus and has held prominent leadership positions, including CEO of the Kenya Medical Training College (KMTC), Kenyatta National Hospital (KNH), and Moi Teaching and Referral Hospital (MTRH). Additionally, he has served as Director of Health for the Prisons and National Police Service (NPS).</p> <p>He Holds MBS M.B, CHB (NBI) MMed (Surgery) NBI FCS (ESCA) LEEHO (STRAT), Dip. Health Systems (Gallilee).</p> |

*Iten County Referral Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*






| | | |
|----|--|---|
| 4. |  Mrs. Salome Kisang | <p>Mrs. Salome Kisang is a board member with a wealth of experience in healthcare and business management. She previously served as the CEO of Kapsowar Mission Hospital and Kapsowar Medical Training College. In addition, she is the Director of Salgen Commercial Investment. Her career also includes roles as a Senior Clerk at Kenya Reinsurance Corporation and Clerk at the National Hospital Insurance Fund (NHIF).</p> <p>Mrs. Kisang holds a Master's degree in Business Administration (MBA) with a focus on Strategic Management, a Bachelor of Commerce (B.Com) in Human Resource Management, and a Diploma in Business Management. She has also completed CPA</p> |
| 5. |  Mr. Elias K.A. Komen | <p>Mr. Elias K.A. Komen serves as a board member and is a highly experienced education administrator. Over the years, he has held key leadership roles as the Principal of St. Patrick's Iten and Chief Principal at several teachers' training institutions, including Tambach Teacher's College, Eregi Teacher's College, Kericho Teacher's College, and Moi Baringo Teacher's College.</p> <p>Mr. Komen holds HSC. S1 (KSTC) and a Bachelor of Education (B.Ed.) degree from McGill University.</p> |
| 6. |  Mrs. Naumy J. Kurui | <p>Mrs. Naumy Jemutai Kurui serves as a board member and is a specialist in occupational safety, health, and environmental management. She holds a Master of Science (MSc) in Occupational Safety and Health from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Technology (BTech) in Chemical and Processing Engineering from Moi University.</p> <p>She is an Approved Occupational Safety and Health (OSH) Adviser in Kenya and a National Environment Management Authority (NEMA) lead expert. Mrs. Kurui is also a practicing</p> |
| 7. |  Dr. Jeremiah Laktabai | <p>Dr. Jeremiah Laktabai is a board member and a highly accomplished medical professional. He currently serves as the Assistant Executive Director for Care Programs in Population Health at AMPATH, affiliated with Moi University. He is also the Chair of the Department of Family Medicine and Medical Education and a lecturer in the Department of Family Medicine at Moi University.</p> <p>Dr. Laktabai holds a Master of Medicine (MMed) in Family Medicine and a Bachelor of Medicine and Surgery (MBChB), both from Moi University.</p> |

| | | |
|----|---|---|
| 8. |  Mr. Charles L. Chemursoi | <p>Mr. Charles Limo Chemursoi is a board member and a Senior Laboratory Technologist (CMLT) with specialized expertise in parasitology. He holds a Diploma in Medical Laboratory Technology (DMLT) and a Higher National Diploma (HND) in Medical Laboratory Technology, with a focus on parasitology, from the Medical Training College in Nairobi. He also holds a Bachelor of Science (BSc) in Zoology from Moi University and a Master of Science (MSc) in Parasitology, with a thesis on Leishmaniasis, from the University of Eldoret (UOE). Mr. Chemursoi has served as the Officer in Charge for the Division of Vector Disease in Baringo and Elgeyo Marakwet counties, Kapsabet, and at the Moi University Staff/Student Clinic in the School of Medicine, Eldoret.</p> |
|----|---|---|

4. Key Management Team ✓

| Ref | Management | Details |
|-----|---|------------------------------|
| 1 |  Dr. Lawrence Kogos MBCcB | Medical Superintendent |
| 2 |  Dr Castro Mugalla MBChB, MMed Family Medicine | Head of Emergency Services |
| 3 |  Dr Sylvia Mibey MBChB, MMed Internal Medicine | Head of Internal Medicine |
| 4 |  Dr. Shazim M. Harunani MBChB, MMed General Surgery | Head of Surgical Services |
| 5 |  Dr. Winfred Wangui Nding'uri MBChB, MMed Child Health and Paediatrics | Head of Paediatrics Services |

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| | | |
|----|--|--------------------------------|
| 6 |  Mr. Paul Biwott Bachelor of Arts in Public Administration, Dip in Personnel Management | Hospital Administrator |
| 7 |  Mrs Alice Cherop | Head of Nursing Services |
| 8 |  Dr. Isaac Kipyego MBCh/MMED Family Medicine | Director Medical Services |
| 10 |  Mr. JohnKeen Murkeu MBA-Finance, CPA (K) | Director Accounting services |
| 10 |  Mr. Kevin Biwot BBM,, CPA (K) | Director Economic and planning |

5. Chairman's Statement



I am honored to present the Annual Report and Financial Statements for Iten County Referral Hospital (ICRH) for the year ending 30th June 2025. ICRH remains steadfast in its mission to provide healthcare services that improve and protect the health of the residents, staff, and visitors of Elgeyo Marakwet County. Despite facing numerous challenges due to the broader economic downturn, the Financial Year 2024/2025 has been a year of remarkable achievements. The Board of Management is proud of the hospital's resilience in maintaining its

mandate and leadership as a county referral hospital.

Kenya's Vision 2030 serves as a crucial roadmap, driving the country toward becoming an industrialized, middle-income nation by 2030. Within the health sector, this vision strives to ensure that all citizens have access to equitable, affordable, and high-quality healthcare. Achieving these goals requires a transformation of healthcare delivery systems, prioritizing preventive and promotive healthcare. Key focus areas, such as access, equity, quality, and institutional capacity, will be addressed through devolution, transferring healthcare delivery responsibilities and resources to the counties. This will allow for more localized control, fostering greater accountability and responsiveness to community needs.

As the primary healthcare facility in the county, ICRH offers a broad range of specialized services, including surgery, critical care, oncology, ophthalmology, radiology, palliative care, and renal services, among others. Building on a foundation of past successes, supported by robust systems and processes, the year 2024/2025 has reinforced our commitment to delivering high-quality, personalized care through innovative approaches. Our dedication remains firmly rooted in the goal of achieving the highest standards of patient care.

The management and operations of ICRH are guided by the legal, policy, and institutional frameworks that shape the health sector. These frameworks ensure the effective and efficient delivery of healthcare services, fully aligned with the Kenya Health Sector Strategic and Investment Plan 2018–30. Our hospital's focus is on strengthening healthcare systems to deliver quality services for all, as enshrined in the Constitution of Kenya, 2010 and the long-term objectives of Vision 2030. Areas for investment include building a resilient health system capable of responding to disease outbreaks and adapting to epidemiological changes, while improving health information systems for better performance monitoring and evidence-based decision-making. Given ICRH's strategic importance within the county's healthcare ecosystem, the Board is committed to ensuring the continuous delivery of high-quality services.

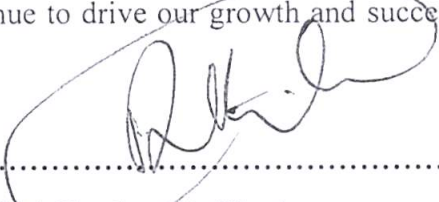
The hospital has navigated a challenging and evolving healthcare environment, necessitating ongoing improvements in service delivery. The Board remains fully committed to investing resources and supporting initiatives that will sustain ICRH's position as a leader in healthcare services.

On behalf of the Board, I would like to extend our sincere appreciation to our stakeholders, especially the County Department of Health, the County Treasury, and our valued partners, whose unwavering support has been instrumental in our achievements. Their collaboration and

Iten County Referral Hospital, Elgeyo Marakwet County Government
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dedication have enabled ICRH to meet its goals. I also wish to express my deepest gratitude to our hardworking staff, specialists, team leaders, and fellow Board members. Their dedication to their roles, their embodiment of the hospital's mission and values, and their continued commitment to excellence are truly commendable.

Finally, I am confident that our strategy, together with our talented and dedicated staff, will continue to drive our growth and success in the years ahead, as it has done so effectively in the past.



.....
CPA Reuben K. Chesire
Chairman to the Board

6. Report of The Medical Superintendent



I am pleased to present the Annual Report and Financial Statements of Iten County Referral Hospital (ICRH) for the fiscal year 2024/25. This report provides an overview of the hospital's operational and financial performance, alongside our strategic direction as we look to the future.

In our continuous effort to ensure equitable access to high-quality, patient-centered specialized services, ICRH employs specialists across all medical disciplines. These professionals work tirelessly to deliver timely, evidence-based, and culturally appropriate care to our patients. Our highly skilled and dedicated staff is supported by the latest research, education, and technologies, ensuring that our patients receive the best care possible. During the 2024/25 fiscal year, ICRH provided care to 78653 patients, representing an 13.4% decrease in outpatient visits compared to the previous year's 90825. The hospital also recorded 14% decrease in inpatient admissions during the same period.

Quality improvement is deeply embedded in all aspects of our hospital's operations. ICRH continues to meet or surpass the performance metrics established by both the county and national governments. Our focus on enhancing patient safety and experience is reflected in several key initiatives aimed at reducing hospital-acquired infections, medical errors, falls, and occurrences of venous thrombosis. To support these efforts, we established the Department of Quality Healthcare (QHC), which oversees clinical governance, infection prevention and control, patient safety, and monitoring and evaluation. Additionally, we have developed and implemented protocols, standard operating procedures (SOPs), and guidelines for patient management. Enhancements to our customer care services and process improvements have also been introduced to strengthen patient-caregiver engagement.

In terms of financial performance, ICRH received in-kind support from the county government totaling Kshs. 502 million during the fiscal year. This funding covered

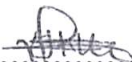
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personnel emoluments. The hospital relies heavily on internally generated revenue to meet its operational and maintenance costs, being from cost sharing and insurance such as SHA, MINET, AAR. In the 2024/25 period, ICRH generated Kshs. 296 million inclusive of receivables from insurance, which was slightly above the target of Kshs. 263 million.

However, the hospital experienced a deficit of Kshs. 56 million during the same period. This shortfall was primarily due to the increasing funding gap for medical supplies from the county government, which in turn led to higher hospital bills. To cover this gap, ICRH had to utilize internally generated funds, which has impacted our financial sustainability.

We are immensely grateful to all stakeholders who have played a role in our growth and success. A special thank you goes out to Team ICRH for their unwavering dedication and professionalism in delivering exceptional services. We also extend our appreciation to our Board of Management, led by CPA Reuben K. Chesire, for their leadership and to all our development partners for their invaluable support in advancing the hospital's growth strategy.

Together, we will continue to strive for excellence and ensure that ICRH remains a pillar of quality healthcare in Elgeyo Marakwet County.



.....
Dr Lawrence kogos
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

During FY 2024/2025, ICRH's performance was assessed based on four strategic enablers in its Strategic Plan (2022/2023–2027/2028): governance, infrastructure, financial sustainability, and human resource development.

A. Governance, Leadership, and Management

The hospital strengthened its leadership and accountability systems. Governance structures were reviewed to enhance transparency, policy compliance, and service delivery coordination. The Board of Management provided regular oversight, ensuring decisions aligned with strategic goals. Partnerships with the County Government, development partners, and stakeholders improved planning, reporting, and community engagement.

B. Infrastructure and Equipment

ICRH upgraded critical service areas and initiated phased renovations of aging infrastructure. New diagnostic and patient-management equipment were procured to enhance care quality and reduce referrals. Despite these gains, several facilities remain inadequate for current patient volumes, underscoring the need for continued investment in expansion, maintenance, and digital health infrastructure.

C. Financial Sustainability

Revenue performance improved through enhanced billing efficiency, NHIF claim processing, and budget discipline. ICRH strengthened financial controls and accountability mechanisms. The hospital also pursued additional funding from conditional grants, donor agencies, and private partnerships. Cost-saving measures, including energy management and rational procurement, supported sustainability and operational efficiency.

D. Human Resource Development

The hospital prioritized staff motivation, training, and retention. Continuous professional development programs were implemented in clinical and support areas. Recruitment of critical cadres improved service coverage and reduced workload pressures. A performance appraisal system was institutionalized to align staff outputs with departmental targets and service standards.

E. Performance Assessment

ICRH developed its annual work plan around these enablers, with quarterly performance reviews by the Board and management. For FY 2024/2025, the hospital achieved more than 90% of its

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planned targets. Improvements were recorded in service efficiency, governance compliance, financial accountability, and staff productivity. Continuous focus on infrastructure and digital transformation remains a key priority for the next fiscal year.

Iten County Referral Hospital, Elgeyo Marakwet County Government)
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| Strategic Pillar | Objective | Key Performance | Activities | Achievements |
|---------------------------------------|--|--|--|---|
| Governance, leadership and management | - Ensure legal framework supports hospital autonomy | - Number of policies developed - Number of planning meetings | - Engage with county health leadership - Develop legal framework | - 12 policies developed - 4 planning meetings held. |
| | - Strengthen capacity building for hospital management | - Number of trainings held - Annual performance reviews | - Identify capacity gaps - Conduct training for HMB and HMT | - 4 trainings conducted - Annual assessments completed |
| | - Enhance committee performance and communication | - Number of committee meetings - Development of hospital organogram | - Review and streamline committees - Develop hospital organogram | - 12 committee meetings held - Organogram developed |
| | - Improve hospital quality assurance | - Quality assurance unit established - Quality program implemented - descriptions program in place | - Establish quality assurance unit - Implement quality program | - Quality assurance unit established - Quality program operational |
| Human resource Development | - Strengthen professional development | - Number of CMEs and HOD trainings held - Training programs developed | - Conduct training needs assessment - Develop staff training programs | - 12 CMEs held - 4 HOD training sessions conducted |
| | - Enhance customer care | - Number of new staff recruited | - Conduct public relations training - Establish suggestion boxes | - 4 staff trained |

Itir County Referral Hospital, Elgeyo Marakwet County Government)
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| | | | | |
|------------------------------|---|--|---|---|
| | - Enhance customer care | - Number of customer care trainings - Number of assessments conducted | - Conduct public relations training - Establish suggestion boxes | - 1 customer care training - 1 suggestion boxes established |
| | - Improve performance management systems | - Number of units with performance targets - Support supervision reviews | - Set performance targets for units - Conduct regular supervision | - Performance targets set for units - Support supervision strengthened |
| Finances for Sustainability | - Ensure transparency and accountability | - Number of committees restructured - Number of financial training sessions | - Restructure committees for resource monitoring - Train HODs in financial management Management | - 1 committee restructured - 4 financial training sessions conducted |
| | - Scale up resource mobilization | - Number of resource strategies developed | - Develop resource mobilization strategy - Review hospital service charges | - Resource strategy developed - Service charges reviewed |
| | Enhance the financial management system Automate financial systems | - Number of departments automated | - Implement integrated financial management system | - 12 departments automated |
| Infrastructure and Equipment | Ensure adequate infrastructure meets safety and service standards | - Number of buildings meeting infrastructure standards | - Form infrastructure committee - Develop master plan | - 1 Committee formed - 4 buildings meeting standards |
| | Expand equipment and physical space | - Number of new medical equipment | - Benchmark physical space usage | - CT scan repaired |
| | Expand equipment and physical space | - Number of ambulances | - Procure modern equipment | - 5 new medical equipment |

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8. Corporate Governance Statement

Iten County Referral Hospital (ICRH) recognizes that strong corporate governance is central to institutional integrity, accountability, and performance. The hospital is committed to maintaining high standards of transparency, responsibility, fairness, and ethical leadership in compliance with the County Governments Act (2012), the Public Finance Management Act (2012), and the Mwongozo Code of Governance for State Corporations. Its governance framework promotes effective oversight, risk management, and adherence to national and county laws, ensuring separation of policy oversight and executive management functions.

The hospital has implemented a structured governance framework that defines the respective roles of the Board of Management and the Hospital Management Team. The framework is supported by approved governance tools, including a Board Charter that outlines decision-making protocols and ethical standards, a Code of Conduct and Ethics promoting integrity, and policy manuals covering finance, procurement, human resources, and quality assurance. Regular internal and external audits strengthen accountability, while quarterly performance reviews ensure continuous alignment of hospital operations with strategic objectives.

The Board of Management

The Board of Management operates in full compliance with the County Governments Act (2012) and the Mwongozo Guidelines. It comprises nine members who collectively bring expertise and diversity essential for strategic oversight. The composition reflects gender balance, regional representation, and inclusion, in line with Article 27 of the Constitution of Kenya (2010). Members have professional experience in medicine, finance, administration, community development, and governance. External experts and independent advisors are engaged when specialized guidance is needed. The Board provides strategic leadership, approves key policies, oversees the implementation of the hospital's Strategic Plan (2022/23–2027/28), monitors financial management, ensures risk mitigation, and evaluates management performance. The Board meets quarterly and convenes special sessions when necessary to address emerging operational or governance matters.

Appointment of the Board

Appointments to the Board follow a transparent and merit-based process. The Chairperson and seven members are appointed by H.E. the Governor of Elgeyo Marakwet County, while the Hospital In-Charge (Medical Superintendent) serves as an ex officio member and Secretary to the Board. Each member serves a three-year term, renewable once subject to performance review and compliance with governance standards. All appointments are officially published in the Kenya Gazette. Members are bound by the Leadership and Integrity Act (2012) and are required to declare any conflicts of interest annually.

Board of Management Composition

The members of the Board of Management who served during the year are as shown below:

Table 2: Board Composition

| Board Member | Board Position | Appointment date | Retire Date |
|--------------------------|------------------------|------------------|-------------|
| CPA Reuben K. Chesire | Chairman | 07/01/2022 | 30/06/2025 |
| Dr. Lawrence Kogos | Medical superintendent | 07/01/2022 | 30/06/2025 |
| Dr. John Kibosia | Member | 07/01/2022 | 30/06/2025 |
| Mrs. Salome Kisang | Member | 07/01/2022 | 30/06/2025 |
| Mr. Elias K.A. Komen | Member | 07/01/2022 | 30/06/2025 |
| Mrs. Naomy J. Kurui | Member | 07/01/2022 | 30/06/2025 |
| Dr. Jeremiah Laktabai | Member | 07/01/2022 | 30/06/2025 |
| Mr. Charles L. Chemursoi | Member | 07/01/2022 | 30/06/2025 |
| Mrs Esther Kibor | Member | 07/01/2022 | 30/06/2025 |

Role of the Chairman

The Chairman provides strategic leadership to the Board of Management and ensures that its functions are executed effectively and in accordance with approved governance principles. The Chairman's primary responsibility is to create and sustain an environment that encourages constructive discussion, objective decision-making, and collective accountability. They ensure that all Board members have equal opportunity to express their views, contribute meaningfully to deliberations, and participate in shaping hospital strategies, policies, and priorities.

The Chairman presides over all Board meetings, ensuring that they are well-structured, focused, and conducted in line with established procedures. They work closely with the Hospital In-Charge and committee chairs to set meeting agendas, align deliberations with strategic goals, and track implementation of Board resolutions. The Chairman ensures that members receive timely, accurate, and sufficient information to support informed decisions.

In addition, the Chairman acts as the principal link between the Board and the Hospital Management Team, maintaining a balanced relationship that promotes accountability, collaboration, and mutual respect. The role also involves representing the hospital in official engagements, upholding institutional integrity, and ensuring that the Board's actions reflect the hospital's values, mission, and legal obligations. Through effective leadership, the Chairman guides the Board in fulfilling its oversight mandate and advancing the hospital's strategic vision.

Role of the Board

The Board of Management, with the support of Board Committees and the Secretary-Medical Superintendent, bears the responsibility for promoting good corporate governance and stewardship of the Hospital. The Board, with its Committees, offers strategic guidance, while the Medical Superintendent, aided by the Hospital Management Team, is accountable to the Board for executing the strategy. Board members are expected to demonstrate responsibility, prudence, and skillfulness in carrying out their fiduciary duties on behalf of the Hospital.

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

- (i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- (ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- (iii) Providing oversight in financial reporting to the Government and communication to stakeholders.
- (iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- (v) Safeguarding Hospital assets by instituting appropriate internal control systems.
- (vi) Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- (vii) Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- (viii) Ensuring the Hospital complies with all relevant laws, regulations and codes of best business practices.
- (ix) Approving annual budgets.

Board work plan and meetings

An annual work plan outlining the schedule of Board and committee meetings is prepared at the beginning of each financial year to ensure structured governance and timely decision-making. The plan defines key reporting periods, performance review sessions, and strategic discussions aligned with the hospital's operational calendar and statutory obligations. The Chairman, in consultation with the Medical Superintendent, determines the agenda for each meeting to ensure relevance, focus, and alignment with the hospital's strategic priorities. Agendas and accompanying documents are circulated to members at least seven days before each meeting to allow adequate time for review and informed participation. This approach promotes efficiency, transparency, and meaningful engagement among Board members.

During the financial year under review, the Board held a total of five meetings. These sessions addressed key issues including hospital strategy, operational performance, financial sustainability, infrastructure development, and compliance with governance and regulatory

requirements. The meetings provided a platform for reviewing progress on the implementation of the hospital's Strategic Plan (2022/23–2027/28), monitoring service delivery outcomes, and assessing management accountability. The regularity of meetings ensured that the Board remained responsive to emerging challenges and proactive in guiding the hospital toward its strategic objectives..

Table 3: Board and committee meeting attendance

| Board Member /Total No of meetings | Board meetings | Board Committees | | | |
|---------------------------------------|-------------------|--|--|---------------------------------------|--------------|
| | | Clinical Research & Standards Committee | Human Capital Finance & Administration | Corporate Strategy & Enterprise | Risk & Audit |
| | 5 | 1 | 2 | 1 | 1 |
| CPA Reuben K. Chesire | 5/5 | | 1/1 | | |
| Dr. Lawrence kogos | 5/5 | 1/1 | | 1/1 | |
| Dr John Kibosia | 5/5 | 1/1 | | | 1/1 |
| Mrs Salome Kisang | 4/5 | | 1/1 | | |
| Mr. Elias K.A. Komen | 4/5 | | 1/1 | 1/1 | |
| Mrs. Naumy J. Kurui | 4/5 | | | | 1/1 |
| Dr. Jeremiah Laktabai | 5/5 | 1/1 | | | |
| Mr. Charles L. Chemursoi | | | | 1/1 | 1/1 |
| Mrs Esther Kibor | 0/5 | | | | |

Board Committees and Responsibilities

To enhance operational efficiency and strengthen governance oversight, the Board of Management has established four standing committees, each with clearly defined Terms of Reference (TORs) approved by the full Board. These committees focus on specialized areas of hospital operations, ensuring that detailed analysis and informed recommendations support the Board's decision-making process. The committees operate under delegated authority but remain accountable to the full Board for all decisions and actions taken within their mandates.

Membership to each committee is determined based on members' professional expertise, experience, and ability to contribute to specific governance functions. This approach ensures that committees are composed of individuals with the necessary competencies to provide technical and strategic guidance in their respective areas. The standing committees include the Finance, Audit and Risk Committee; the Human Resource and Administration Committee; the Quality and Standards Committee; and the Infrastructure and Development Committee. Each committee meets quarterly or as necessary to deliberate on issues within its scope and submits reports and recommendations to the Board for consideration and approval.

When specific issues arise that fall outside the mandates of existing committees, the Board may establish an ad hoc committee to handle the matter. Such committees are temporary and are dissolved once their objectives are achieved and recommendations presented to the Board. The Medical Superintendent serves as secretary to all Board committees, ensuring continuity, record-keeping, and follow-up on resolutions. The exception is the Audit and Risk Committee, where the Head of Internal Audit serves as secretary to maintain independence and objectivity in audit and compliance oversight. This structured committee system ensures that the Board exercises effective governance, risk management, and accountability across all areas of hospital operations.

Board Committees and Roles

Clinical Research & Standards Committee

- (i) Identifying health care service problems in the hospital and ensuring that they are resolved;
- (ii) Review any changes on policy issues on standards, quality assurance and research;
- (iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery; and Undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital based on health professional's handbook on quality management in health care in Kenya.

Human Capital, Finance & Administration Committee

- (i) Monitoring the Hospital annual budget and overseeing the Hospital's financial management.
- (ii) Monitoring the Hospital annual procurement plan and overseeing procurement of goods and services.
- (iii) Establishing human resource policies and corporate organizational structure;
- (iv) Appointment, promotion and disciplinary issues of senior staff ;
- (v) Establishing remuneration structure for the staff ;
- (vi) Developing succession plan for senior staff ; and
- (vii) Reviewing performance of the staff pension scheme.

Corporate Strategy Enterprise Committee

- (i) Reviewing the Five-Year Corporate Strategic Plan and oversees the annual implementation of the Hospital's strategy.
- (ii) Advising the Board on strategies to enhance performance of the Hospital;
- (iii) Monitoring major projects under implementation and directing strategies for improving customer service;
- (iv) resource mobilization and forging partnerships/linkages;
- (v) Overseeing realization of the targets set out in the Board's Performance Contract.

Risk and Audit Committee

- (i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board;
- (ii) Reviewing the performance, objectivity, and independence of external auditors;
- (iii) Consideration of audit findings by the external auditors;
- (iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function;
- (v) Reviewing the Hospital's internal control and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework; and
- (vi) Ensuring adherence to the code of ethics and integrity in financial transactions of the Hospital.

9. Management Discussion and Analysis

Clinical Performance

Iten County Referral Hospital (ICRH), situated in Elgeyo Marakwet County, has continued to evolve into a leading regional health facility offering a wide range of specialized medical and surgical services. Over the past few years, the hospital has undergone substantial transformation through infrastructure upgrades, capacity enhancement, and service diversification, reinforcing its role as the county's main referral and teaching hospital.

The hospital provides a comprehensive portfolio of clinical services across multiple disciplines. Outpatient services include general consultations, accident and emergency care, dental services, ear, nose and throat (ENT) services, orthopedic management, dermatology, ophthalmology, oncology, renal care, physiotherapy, mental health services, nutrition counseling, and minor surgical procedures. Specialized clinics such as the comprehensive care clinic, diabetic and hypertension clinic, and specialized surgical and pediatric clinics continue to support integrated and patient-centered service delivery.

ICRH has strengthened its clinical support systems to ensure quality diagnosis and treatment. The laboratory department offers full diagnostic coverage including hematology, biochemistry, microbiology, and blood transfusion services. The radiology department is equipped with advanced imaging technology such as CT scan, digital X-ray, ultrasound, mammography, and endoscopy services. The pharmacy department maintains continuous supply and rational dispensing of essential medicines, while the nutrition unit supports dietary counseling and management of malnutrition cases.

The hospital's inpatient services include general medicine, surgical wards, pediatrics, maternity, obstetrics and gynecology, mental health care, and palliative care. It also operates specialized units such as the High Dependency Unit (HDU), Intensive Care Unit (ICU), and fully functional operating theatres. Rehabilitation and physiotherapy services have been expanded to support recovery and management of chronic conditions, particularly among athletes and accident victims, aligning with the county's strong sports heritage.

Significant infrastructure investments during the year have greatly enhanced clinical performance and patient outcomes. The opening of a dedicated Eye Unit Theatre enabled the hospital to conduct over 200 eye surgeries and deliver comprehensive eye care to more than 5,000 patients, reducing referrals outside the county. The construction of the Mother and Baby Hospital marked a major milestone in strengthening maternal and child

health services, providing a safe and dignified environment for mothers and newborns. Ongoing ward refurbishment, acquisition of modern medical equipment, and improvement of laboratory and theatre facilities have expanded bed capacity, improved infection control, and enhanced overall service efficiency.

These developments have translated into measurable improvements in patient confidence, service accessibility, and quality of care. The hospital continues to prioritize modernization, quality assurance, and clinical excellence as part of its long-term goal to provide accessible, specialized, and affordable healthcare to the people of Elgeyo Marakwet County and neighboring regions.

Overall patient attendance

Between FY 2022/2023 and FY 2024/2025, Iten County Referral Hospital (ICRH) experienced a notable decline in patient attendance across both outpatient and inpatient services. Total hospital visits dropped by approximately 21 percent over the two-year period, while inpatient admissions decreased from 6,537 to 5,609, representing a 14.2 percent reduction. This dual decline reflects both external and systemic factors that affected hospital utilization during the review period.

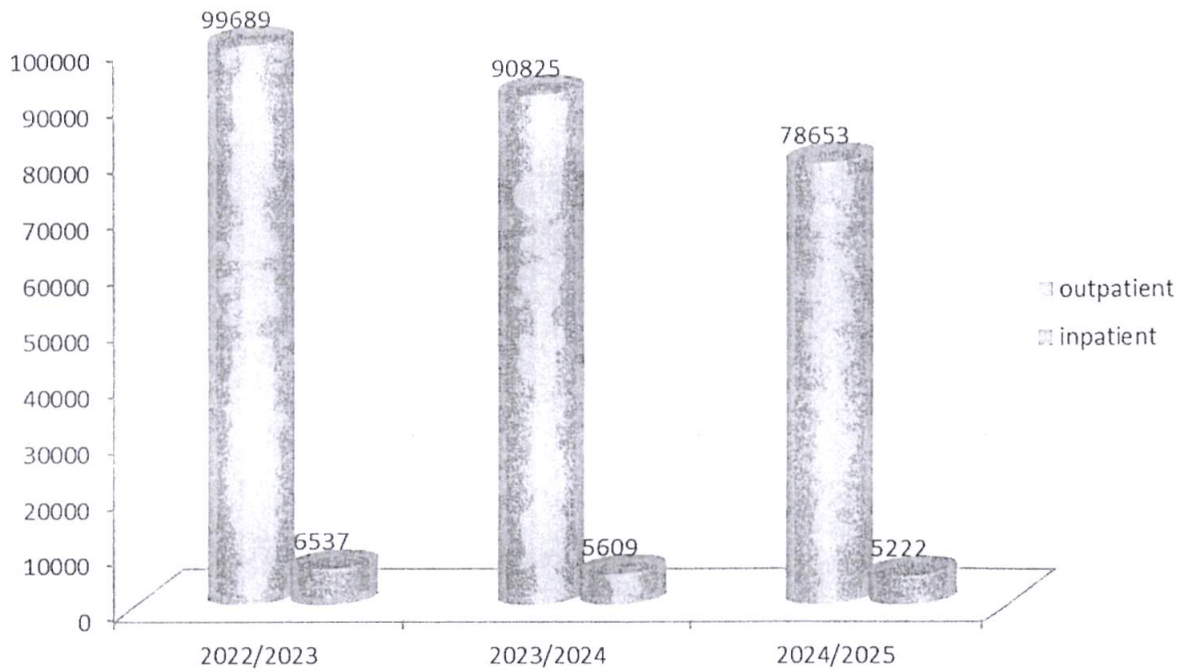
A major contributing factor was the prolonged doctors' and clinical officers' strike that disrupted operations for several weeks in early 2024 and again in 2025. These industrial actions led to temporary service suspension and significantly reduced hospital throughput. Additionally, the implementation challenges surrounding the Social Health Authority (SHA) program contributed to reduced outpatient visits, particularly among patients previously covered by insurance schemes. Since SHA coverage excludes outpatient services in Level 5 hospitals, patients who would have sought services at ICRH opted for lower-level facilities where outpatient care is supported.

Another factor influencing the decline was the strengthening of community-level healthcare systems across Elgeyo Marakwet County. Improved functionality of dispensaries and health centers led to more patients being treated closer to their homes, reducing unnecessary referrals to the county referral facility. This shift aligns with the principles of the primary healthcare strategy, emphasizing prevention and treatment at the lowest appropriate level of care.

Despite the overall reduction in attendance, the hospital recorded positive trends in service efficiency and quality of care. Patient flow management improved, waiting times were reduced, and clinical documentation and accountability mechanisms were

strengthened. There was also a steady rise in the use of SHA for inpatient services, indicating growing trust in the national health financing system. ICRH continues to analyze patient flow data and service utilization trends to inform strategic interventions that will balance efficiency, access, and sustainability in the coming financial years.

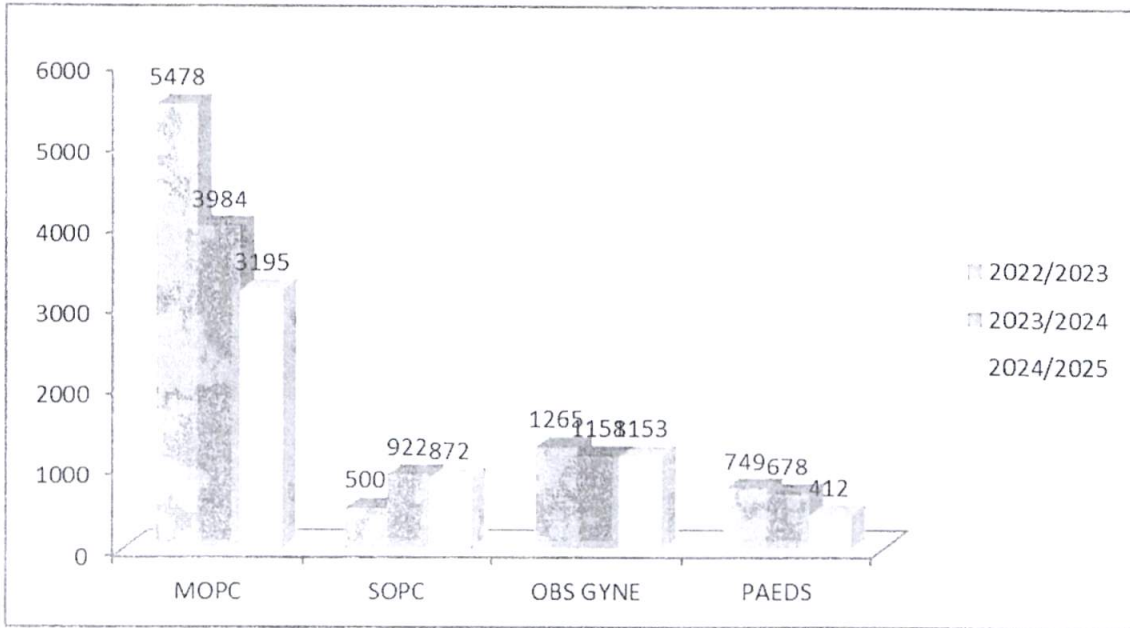
Figure 1: Overall outpatients' attendance and inpatient admissions



Specialized Clinics Attendance.

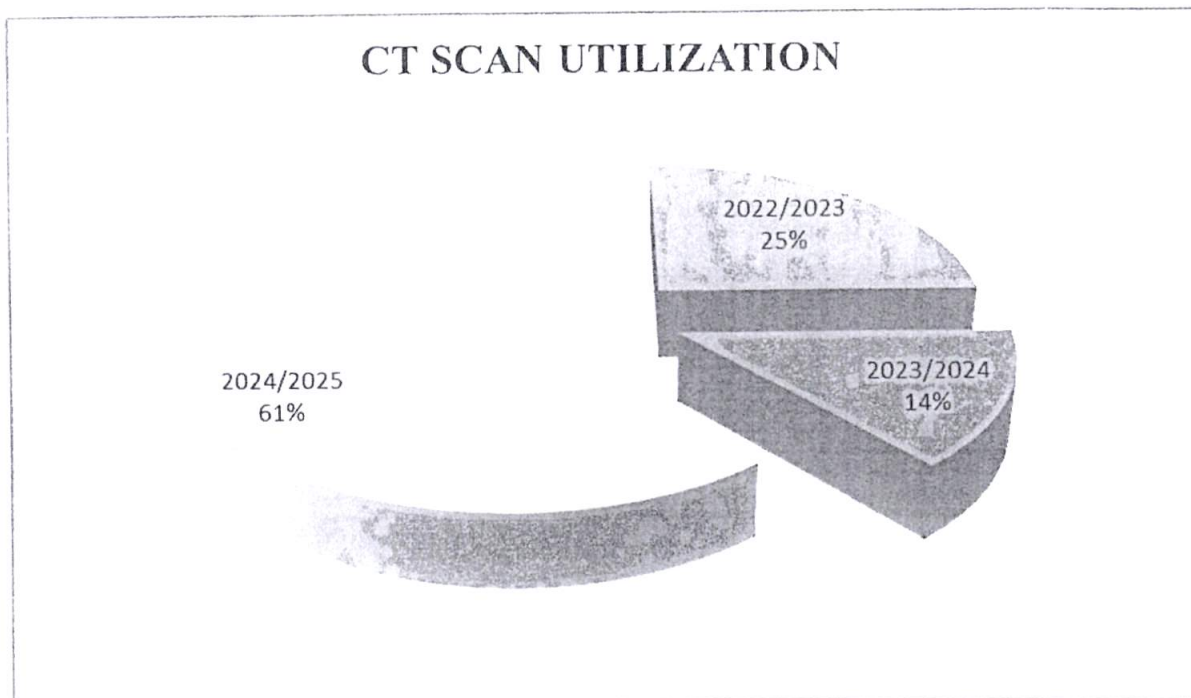
ICRH operates various specialist clinics aimed at monitoring and treating patients who require specialized care. Attendance trends in these clinics have varied over the past three years, with 2024/25FY experiencing a decline.

Special clinic attendances



Computerized Tomography scan

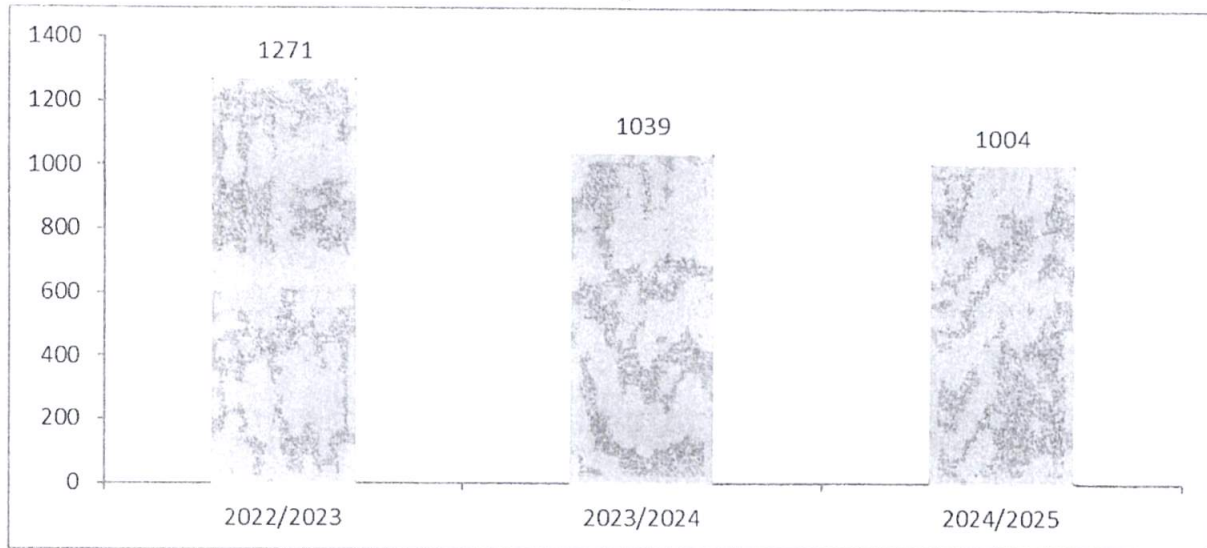
Computerized Tomography (CT) scan services increased from 1345 in 2023/24 to 3299 in 2024/2025, reporting a significant increase in CT scan services utilization owing to SHA enabling its members to access imaging service and by improving approval time lines from 3 days to minutes.



Surgical theatre utilization

Surgical theater activities have also varied during these periods, as depicted in the accompanying charts the total number of surgical operations conducted at Iten County Referral Hospital over the past three financial years illustrates a trend in theatre utilization. In the financial year 2024/25, there has been a notable increase in surgical procedures compared to the previous years, demonstrating enhanced operational efficiency and an uptick in service delivery. The data highlights the hospital's commitment to meeting the surgical needs of patients, reflecting improvements in both staffing and resource allocation. This trend underscores the hospital's ongoing efforts to provide high-quality surgical care to the community.

Theatre Operations



Reproductive health

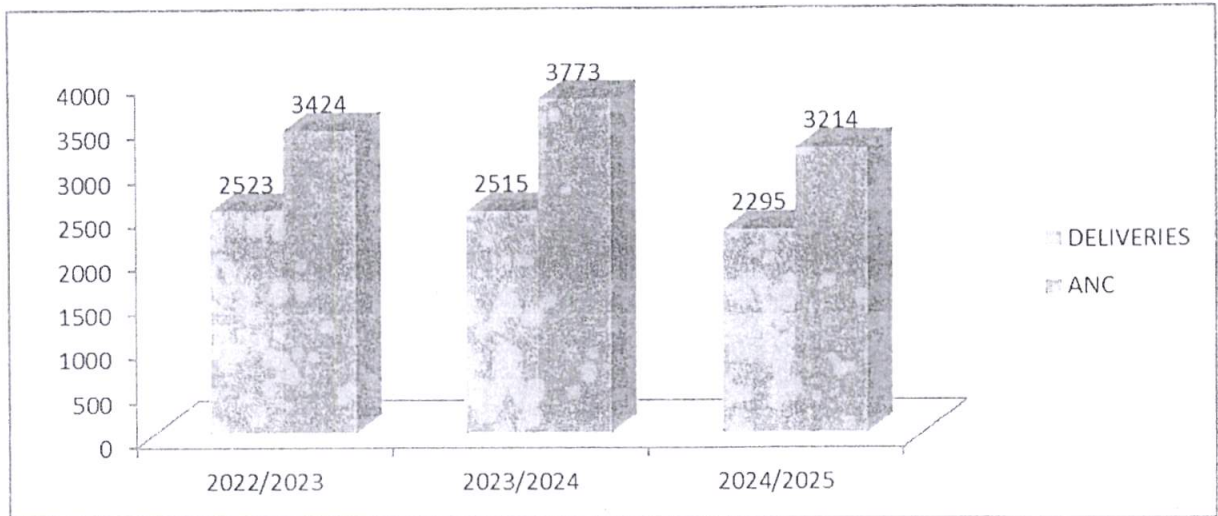
During the financial year 2024/2025, Iten County Referral Hospital (ICRH) recorded a decline in reproductive health service utilization, particularly in maternity and antenatal care. The downturn was largely attributed to the doctors' strike that disrupted hospital operations for several weeks, leading to a temporary suspension of critical maternal health services. This disruption directly affected the number of deliveries and antenatal care visits recorded during the year.

A slight reduction in antenatal clinic (ANC) attendance was also observed compared to the previous year. The decline was linked to policy limitations under the Social Health Authority (SHA) framework, which excludes antenatal and maternity services from coverage at Level 5 hospitals such as ICRH. As a result, many expectant mothers opted for lower-level facilities—dispensaries and health centers—where these services are covered under SHA.

Despite the decline, the hospital maintained its commitment to providing quality reproductive and maternal health services. Skilled birth attendance remained high, and essential services including emergency obstetric care, family planning, postnatal care, and immunization for newborns continued uninterrupted once normal operations resumed. The hospital also strengthened its referral linkages with lower-level facilities to ensure timely management of high-risk pregnancies and obstetric emergencies.

The accompanying figure illustrates the trend in antenatal care visits and maternity deliveries for FY 2024/2025, reflecting both the operational disruptions experienced and the hospital's ongoing efforts to sustain reproductive health service delivery within the county.

ANC VISITS AND DELIVERIES



Accidents and Emergency (A&E) Services

The Accident and Emergency (A&E) Department at Iten County Referral Hospital (ICRH) recorded a notable increase in patient numbers during the 2024/2025 financial year. This growth was largely driven by the implementation of the Social Health Authority's (SHA) **Emergency, Chronic, and Critical Illness Fund**, which enables patients to access emergency services within the first 24 hours at no cost. The policy has encouraged more patients to seek prompt care at the hospital, particularly for urgent and life-threatening conditions.

As the hospital's primary entry point for acute cases, the A&E Department strengthened its triage and referral systems to improve the management of emergency cases. The unit prioritized stabilization of critical patients, trauma management, and rapid referral coordination. Staff received refresher training in emergency response and trauma care, and the department upgraded essential resuscitation and monitoring equipment. These interventions have contributed to reduced waiting times, improved patient outcomes, and greater community confidence in the hospital's emergency response capacity.

Bed Capacity

In the financial year 2024/2025, Iten County Referral Hospital expanded its inpatient service capacity to meet growing healthcare demand. The hospital now offers comprehensive inpatient services including general medicine, surgery, maternity care, pediatrics, obstetrics and gynecology, palliative care, and emergency services. Bed capacity increased from **170 beds in FY 2022/2023 to 300 beds in FY 2024/2025**, representing a growth of 76 percent. This expansion was achieved through the completion of the **modern Mother and Baby Unit**, refurbishment of existing wards, and acquisition of additional hospital beds and furniture. The increased capacity has reduced congestion in maternity and pediatric units and improved patient comfort and infection control standards.

Average Length of Stay (ALOS)

The Average Length of Stay (ALOS) serves as a key performance indicator of inpatient efficiency and quality of care. In FY 2024/2025, the hospital recorded an average stay of 3.9 days, a significant reduction from 6.5 days in previous years. This improvement reflects enhanced clinical management, faster diagnostic turnaround times, and better discharge planning. The shorter stay demonstrates improved service coordination and patient recovery rates, though surgical and critical care units continue to record slightly higher averages due to case complexity.

Bed Occupancy Rate

During FY 2024/2025, the bed occupancy rate declined slightly to 59 percent, compared to 63 percent in FY 2023/2024 and 65 percent in FY 2022/2023. The decrease was largely influenced by the substantial increase in bed capacity, particularly the addition of 80 beds at the Mother and Baby Unit and refurbished spaces in the general wards. Intermittent industrial action by healthcare workers also contributed to the temporary reduction in admissions. Despite these fluctuations, the hospital maintained steady utilization across specialized units, with patients seeking advanced care from within Elgeyo Marakwet and neighboring counties, demonstrating the hospital's growing regional appeal.

Mortality Rate

The hospital's average mortality rate for the period stood at 5.9 percent, down from 6.3 percent in the previous financial year. This decline indicates improved management of critically ill patients and strengthened emergency and referral care systems. Enhanced

clinical oversight, continuous staff training, and improved diagnostic capacity contributed to better patient outcomes. Mortality audits were routinely conducted to identify preventable causes and guide quality improvement interventions.

Patient Safety

ICRH continued to uphold patient safety as a central pillar of healthcare delivery during FY 2024/2025. The hospital implemented a range of safety measures aimed at minimizing risks and improving clinical outcomes. These included stricter infection prevention and control (IPC) protocols, regular hand hygiene audits, and continuous environmental cleanliness monitoring. Staff were sensitized on adverse event reporting, medication safety, and surgical safety checklists. Efforts were also directed at reducing hospital-acquired infections, medication errors, patient falls, and cases of venous thromboembolism. The establishment of a functional Quality Improvement and Patient Safety Committee ensured continuous monitoring and follow-up of safety incidents. Through these efforts, ICRH reinforced its commitment to maintaining a safe, responsive, and patient-centered care environment consistent with national and international healthcare standards.

Sponsorships and partnerships

ICRH Hospital has benefited from the support of various organizations and individuals who have contributed to improving patient care and expanding services. Below are some key partnerships and donations received during the year:

- (i) **Tambach Teachers College (TTC)** contributed to our blood bank with 32 units of blood.
- (ii) **National Youth Service (Kerio Valley) Blood Donation:** The National Youth Service also contributed to our blood bank with 76 units of blood .
- (iii) **Eye Clinics by Operation Eyesight International:** Our partnership with Operation Eyesight International allowed us to conduct free eye clinics, treating 257 patients for various conditions including cataracts and glaucoma.

- (iv) **ENT Surgical camp:** In partnership with ENT Surgeons from Colorado ,USA and Elgeyo Marakwet County we were able to attend 438 patients with various ENT cases.
- (v) **Iten Polytechnic** contributed to our blood bank with 16 units of blood.
- (vi) **Equity Bank (Iten branch)** donated 350 tree seedlings to the hospital.

Financial Highlights

Financial Performance

During the 2024/2025 financial year, Iten County Referral Hospital (ICRH) continued to rely heavily on revenue generated from Facility Improvement Funds (FIF) as its primary source of operational financing. The hospital's FIF revenue was largely derived from reimbursements by Minet Insurance, the National Youth Service (NYS), and the National Hospital Insurance Fund (NHIF) in the first quarter, followed by reimbursements from the Social Health Authority (SHA) in subsequent quarters. In addition to internally generated income, the hospital received vital support from the County Government of Elgeyo Marakwet, the Ministry of Health, and several development partners, all of which contributed to sustaining essential operations and service delivery.

For the year under review, ICRH achieved strong financial growth, with total revenue increasing by 35 percent, rising from Kshs. 219 million in FY 2023/2024 to Kshs. 296 million in FY 2024/2025, inclusive of revenue from exchange transactions. This growth reflects the hospital's deliberate efforts to strengthen financial management systems, enhance billing efficiency, and expand the scope of clinical and diagnostic services. The improved claims processing and better coordination with insurance providers also contributed to more consistent cash inflows.

The hospital's expenditure for the year totaled Kshs. 246 million, covering recurrent and operational costs such as procurement of medical supplies, maintenance of infrastructure and equipment, staff allowances, and utilities. This prudent utilization of funds ensured continuous service delivery despite operational challenges.

In addition to FIF-generated revenue, the County Government of Elgeyo Marakwet continued to play a key role in supporting personnel-related expenses by paying staff salaries amounting to Kshs. 502 million. This external contribution significantly reduced the hospital's recurrent cost burden and allowed internal revenues to be redirected toward maintenance, infrastructure improvement, and service expansion. Development partners

also contributed through targeted grants, equipment support, and capacity-building initiatives, further reinforcing the hospital’s operational stability.


Performance Results

Despite commendable revenue growth, ICRH continued to experience financial pressure due to expenditure outpacing cash inflows. The hospital recorded a deficit of Kshs. 56 million in FY 2024/2025, representing a slight improvement compared to the previous year’s deficit of Kshs. 57 million. The shortfall was largely attributed to delayed reimbursements from SHA and corporate insurance clients, which were pending at the close of the financial year. These delays constrained cash flow and affected the timely settlement of some operational obligations.

The hospital has identified several measures to strengthen its financial sustainability. These include refining cost management and budget control processes, automating claims tracking systems, and expanding resource mobilization efforts through new partnerships and service innovations. ICRH also plans to pursue strategic collaborations with both public and private sector actors to diversify funding streams and reduce overreliance on FIF and county budgetary allocations.

Looking ahead, the hospital aims to establish a more sustainable financial model by integrating digital revenue monitoring tools, strengthening internal audit functions, and aligning financial planning with the hospital’s Strategic Plan (2022/2023–2027/2028). The management also intends to engage development partners in co-financing capital projects and introducing value-based healthcare initiatives to improve cost efficiency and patient outcomes.

While FY 2024/2025 demonstrated steady revenue growth and improved accountability, the financial results underscore the need for sustained reforms in financial governance, timely reimbursements, and efficient resource utilization. ICRH remains committed to continuous financial improvement to ensure long-term sustainability and uninterrupted delivery of high-quality healthcare services to the residents of Elgeyo Marakwet County and beyond.

Sign:  Date: 27th august, 2025

Dr. Lawrence kogos

Secretary to the Board

10. Environmental And Sustainability Reporting

At Iten County Referral Hospital (ICRH), we face a variety of sustainability challenges, reflected through the Triple Bottom Line framework, People, Planet, and Profit. As a county referral hospital, sustainability is integral to our operations, aligning with our goal to create long-term value for our stakeholders and communities. Our commitment extends beyond healthcare services, emphasizing environmental and social responsibility to ensure sustainable success and operational longevity. We are dedicated to upholding high standards of corporate governance, ethics, and integrity as we contribute to the nation's healthcare system.

Recognizing our role in reducing health disparities and advancing sustainability, ICRH integrates sustainability commitments into every aspect of our operations. Our strategic focus is on developing and executing initiatives that deliver real, lasting benefits to our stakeholders. With a commitment to becoming the healthcare provider of choice, we strive to create enduring value for all stakeholders by addressing material issues that help categorize our economic, environmental, and social impacts.

i) Sustainability Strategy and Profile

ICRH's sustainability strategy focuses on meeting current needs while maintaining environmental responsibility and promoting a healthy, equitable society. We ensure compliance with national and regional regulations, emphasizing efficient facility management to reduce energy use and CO2 emissions. Collaborating with suppliers and stakeholders, we uphold high standards for sustainable healthcare and encourage environmental and social contributions from our workforce. By working with sustainability specialists, we share best practices to maximize resource efficiency, regularly measuring and reporting our progress. ICRH's corporate governance is based on accountability, transparency, and integrity. We foster a culture of ethical behavior, with all employees expected to uphold integrity principles in line with Kenya's Constitution, 2010, and public service laws.

ii) Environmental Performance

In both clinical and office settings, we encourage employees to reduce energy consumption by adopting energy-efficient practices, such as turning off computers and lights when not in use. Additionally, we utilize environmentally friendly packaging for medications and manage medical waste through clearly labeled disposal bags for clinical waste, recyclables, and food waste. Staffs are provided with personal protective equipment to ensure safety during waste management.

As part of our environmental conservation efforts, ICRH planted over 350s trees in the past year. We are also involved in solid waste management campaigns within the community and provide clean water to local communities, although challenges such as prolonged drought and community dependency on hospital support have hindered some of these initiatives.

iii) Employee Welfare

ICRH is committed to providing a healthy and supportive work environment. All our staff and their dependants are covered by SHA insurance, at the same time we encourage continuous professional development through training programs in leadership, management, and technical skills. The hospital also promotes the physical and mental well-being of its employees, adhering to Occupational Safety and Health (OSHA) policies guided by the County Human Resource policies. We are dedicated to fostering a culture of equality, diversity, and inclusion, delivering services that are responsive to the diverse needs of our employees, patients, and their families. ICRH also supports collective bargaining through employee unions.

iv) Market place Practices

Our core mission is to improve the health and well-being of our community through innovative, high-quality healthcare services. We maintain a strong reputation for excellence by consistently meeting safety and regulatory standards, ensuring that all products and services provided meet both ethical and legal requirements.

v) Responsible Competition Practices

As a leading healthcare provider in the region, ICRH sets an example of responsible business conduct. We adhere to all applicable laws and regulations and engage regularly with governmental bodies to ensure compliance in operations, renovations, and expansions. Our healthcare services are designed to be affordable, with pricing determined by the County Finance Act, passed by the County Assembly of Elgeyo Marakwet.

(a) Responsible Supply Chain and Supplier Relations

The procurement department at ICRH plays a key role in supporting our sustainability objectives. We ensure that the purchasing of goods and services aligns with the ICRH Quality Strategy, promoting sustainable development and a low-carbon economy throughout the supply chain. ICRH complies with the Public Procurement and Asset Disposal Act, 2015, and related county policies. We prioritize partnerships with suppliers who adhere to best practices and contractual agreements, ensuring the highest quality of service and goods.

(b) Responsible Marketing and Advertisement

Under the Health Act of 2017, healthcare advertising is regulated to ensure ethical practices in the licensing, testing, and promotion of health products. As a public hospital, ICRH does not advertise its services.

(c) Product Stewardship

ICRH's Product Stewardship program focuses on minimizing the environmental impact of healthcare products and packaging throughout their life cycle. We prioritize patient safety and satisfaction while ensuring affordability in line with the County Finance Act.

vi) Corporate Social Responsibility (CSR) and Community Engagement

ICRH's commitment to social responsibility drives us to fulfill public healthcare needs, particularly for marginalized and vulnerable communities. Although no specific CSR activities were conducted this year, we remain dedicated to improving lives through inclusive healthcare and raising awareness of disease prevention and interventions.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are:

1. To receive patients on referral from other Hospitals or Health facilities within or outside Elgeyo Marakwet County for Specialized Healthcare.
2. To assure provision of Quality health care services, disaster preparedness and response
3. To Strengthen availability of essential medicines, medical equipment and supplies
4. To maintain and improve hospital infrastructure and means of transport to meet the demands for service delivery.

Results

The results of the entity for the year ended June 30th, 2025 are set out on page 1-5.

Board of Management

The members of the Board who served during the year are shown on page vii - viii. During the year 2024 no director retired/ resigned and 9 was appointed with effect from January, 2022.

Auditors

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

By Order of the Board

Sign:  Date: 3rd November, 2025

Dr. Lawrence Kogos
Secretary to the Board



12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the ICRH's financial statements, which give a true and fair view of the state of affairs of the ICRH for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- 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,
- Safeguarding the assets of the ICRH;
- Selecting and applying appropriate accounting policies
- Making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Audit Act, 2015. The Board members are of the opinion that the ICRH's financial statements give a true and fair view of the state of ICRH's transactions during the financial year ended June 30, 2025, and of the ICRH's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the ICRH, which have been relied upon in the preparation of the ICRH's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the ICRH 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 15th July, 2025 and signed on its behalf by:

.....
CPA Reuben K. Chesire
Chairperson
Board of Management

.....
Dr. Lawrence kogos
Accounting Officer

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ITEN COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF ELGEYO MARAKWET

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 Iten County Referral Hospital – County Government of Elgeyo Marakwet set out on pages 1 to 53, 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 Iten County Referral Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position reflects receivable from exchange transactions balance of Kshs.84,650,285 as disclosed in Note 29 to the financial statements. However, the schedules provided for audit revealed that there were receivables amounting to Kshs.32,512,049 owed by the defunct National Hospital Insurance Fund (NHIF) that were more than three hundred and sixty (360) days differing with the ageing analysis disclosed in the financial statements. In addition, Management did not provide an explanation of the efforts made to recover the long outstanding receivables.

In the circumstances, the accuracy, completeness and authenticity of receivables from exchange transactions balance of Kshs.84,650,285 could not be confirmed.

2. Accuracy of the Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.595,629,340 as disclosed in Note 32 to the financial statements. Review of records revealed that the Hospital did not maintain a comprehensive fixed asset register detailing assets owned, their locations, acquisition dates, net values, and custodians. In addition, no valuation report from a qualified and recognized valuer was provided to support the recorded asset values.

In the circumstances, valuation, accuracy and completeness of the property, plant and equipment balance of Kshs.595,629,340 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Iten County Referral 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 receipts budget and actual on a comparable basis amount of Kshs.266,788,178 and Kshs.300,126,581, respectively, resulting in to an over-funding of Kshs.33,338,404 or 13% of the budget. Similarly, the Hospital spent on recurrent expenditure of Kshs.244,387,954 against an actual receipt of Kshs.300,126,581 resulting to an under-expenditure of Kshs.55,738,627 or 19% of the actual receipts. Further, it was noted that the Hospital operated with an unbalanced budget.

The under absorption of the budget may have negatively affected implementation of the planned programmes and thus adversely affecting service delivery by the Hospital.

My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

Review of the progress on follow up of the prior year auditor's recommendations on Iten County Referral Hospital revealed that several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues remain unresolved contrary to Section 149(2)(I) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding. See **Appendix I**

Other Information

The Management is responsible for the Other Information set out on page iv to xxxii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board and Management's Responsibilities. the Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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. Use of Spreadsheet as an Accounting System.

Review of the financial statements revealed that the Hospital had an Information Management System (A1 Health) for management of its core business which did not have an accounting module. The Hospital used spread sheet for recording and posting transactions which did not guarantee the internal check achieved through an inbuilt double entry system in an Enterprise Resource Management System that has an accounting module or is integrated with Accounting System. In addition, the financial records, ledgers and cash books were maintained in a spreadsheet with no backup system and this lacked an audit trail. In addition, the use of spreadsheet did not provide for approval and authorization of transactions contrary to Regulation 102(3) on financial records and automation of financial operations which requires an Accounting Officer to satisfy himself or herself that transactions are authorized and recorded and that there is sufficient audit trail which shall identify the person who approved the transaction.

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

2. Incomplete and Stalled Construction of the Amenity Complex

Physical inspection of the amenity complex construction project at Iten County Referral Hospital, implemented by the County Executive of Elgeyo Marakwet, revealed that the

project remains incomplete and stalled. The project commenced in June, 2023 with a contract period of 180 days and a contract sum of Kshs.10,987,030 but as at the time of audit in October, 2025 the contractor was not on site, and the project works had stalled. Records show that the contractor had been paid Kshs.7,336,210, representing approximately 66.8% of the contract sum.

Further, the contractor requested for an extension of 180 days (six months) which was approved by Management. However, despite the extension there was no evidence of resumed construction activities and the site appeared abandoned. Physical verification established that only 70% of the work had been completed. The remaining works, which included finishes, installation of doors and windows, sanitary fittings, electrical works, and plumbing and mechanical works, had not been undertaken. The continued delay and abandonment of the project has denied the public access to enhanced healthcare services and the intended benefits of the Amenity Complex

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

3. Use of Asbestos Roof

Physical inspection of buildings within the Hospital revealed that the administration blocks, laundry, clinics, laboratory, staff quarters, and administration corridors had asbestos roofs, even after the ban on the use of asbestos material in 2006. This may lead to increased exposure to several serious diseases, including asbestosis, mesothelioma and lung cancer. This was contrary to Section 3 of the Public Health Act, Cap 247 which gives provisions on use of poisonous substances and Environmental Management and Coordination (Waste Management) Regulations, 2006, which classify asbestos as hazardous waste.

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

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

Verification of services offered, equipment used and number of medical specialists at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as analyzed in the table below:

| Staff Deficits | | | | |
|---------------------------|-------------------------|---------------------------|-------------------|-----------------------|
| Staff Requirements | Level 5 standard | Number in Hospital | Variiances | Percentage (%) |
| Medical Officers | 50 | 11 | 39 | 78 |
| Anesthesiologist | 7 | 0 | 7 | 100 |
| General Surgeons | 4 | 2 | 2 | 50 |
| Gynecologists | 4 | 2 | 2 | 50 |
| Pediatrics | 4 | 2 | 2 | 50 |
| Radiologists | 4 | 2 | 2 | 50 |

| Staff Deficits | | | | |
|--|-------------------------|---------------------------|------------------|-----------------------|
| Staff Requirements | Level 5 standard | Number in Hospital | Variances | Percentage (%) |
| Kenya Registered Community Health Nurses | 250 | 117 | 164 | 66 |
| Total | 323 | 136 | 218 | 67 |

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

| Services Deficits (Equipment and Machines Deficit) | | | | |
|---|----------------------------------|--------------------------------|------------------|-----------------------|
| Staff Requirements | Level 5 Hospital standard | Actuals in the Hospital | Variances | Percentage (%) |
| Beds | 500 | 266 | 150 | 30 |
| Resuscitative (2 in labour and 1 in theatre) | 3 | 2 | 1 | 33 |
| Newborn Unit Incubators | 10 | 10 | 0 | 0 |
| Newborn Unit Cots | 10 | 20 | 0 | 0 |
| Functional ICU Beds | 12 | 3 | 9 | 75 |
| High Dependency Unit (HDU) Beds | 12 | 2 | 10 | 83 |
| Renal Unit with At least 5 Dialysis Machines | 5 | 5 | 0 | 0 |
| Seven Functional Operational Theatres - Maternity and General | 7 | 3 | 0 | 0 |
| Total | 559 | 311 | 170 | 20% |

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

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

The audit was conducted in accordance with ISSAIs 3000 and 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. Maintenance of the CT Scan Machine and the building

The statement of financial performance reflects repairs and maintenance amount of Kshs.24,484,278 as disclosed in Note 19 to the financial statements. Included in the balance is Kshs.8,019,912 in respect of service and maintenance of CT scan machine. However, audit verification revealed that although the CT scan machine was operational, the air conditioner was not operational. Further, windows and doors had no panes therefore exposing the Hospital to possible loss of equipment.

In the circumstances, the effectiveness and management of the CT scan machine could not be confirmed.

2. Breach of Data Protection Laws in the Management of Patient Data at The Hospital

Review of the Hospital operations revealed that it collects and processes data of patients during its day-to-day operational activities. The Hospital also handles data related to its employees and suppliers. The data collected and processed by the Hospital are personal and sensitive in nature such as patient medical history, patient current health conditions, mobile phone number details, next of kin, bank account details, patient dependents, mobile money accounts, Social Health Insurance Fund (SHIF) membership details, date of birth, national identification/passport numbers among others. The Hospital collects data without meeting the provisions of Section 18(2) of Data Protection Act, 2019 which states that no person shall act as a data controller or data processor unless registered with the Data Commissioner and further fails to adhere with Regulations of the Data Protection (General) Regulations, 2021 which stipulates how data should be managed.

In the circumstances, the Hospital was in breach of the laws.

3. Weak ICT Control Environment

Review of the Information and Communications Technology controls for the Hospital revealed that although the Hospital's server rooms have Closed Circuit Television (CCTV) and server rooms had (CCTV) cameras for surveillance of these facilities, the physical

access to the facilities was not effectively controlled since the entrance of the server rooms lacked biometric access controls. Further, the Hospital did not have in place ICT Strategic Committee, ICT Strategic Plan, or a comprehensive ICT Policy. In addition, the Hospital did not have a disaster recovery and Business Continuity Plan and an offsite backup which could be useful in restoring operations in case of any emergencies/disasters. The Hospital was in contravention of Regulation 110(1) of the Public Finance Management (County governments) Regulations, 2015 which requires that the Accounting Officer for a County Government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity. In the event of a disaster, the operations of the Hospital may come to a complete shut down and irrecoverable loss of critical operational and strategic data.

In the circumstances, the effectiveness of internal controls and governance on ICT control environment could not be confirmed.

4. Lack of Health Facility Management Committee

The statement of financial performance reflects Board of Management expenses amount of Kshs.992,000 as disclosed in Note 17 to the financial statements. However, review of the Hospital records revealed that the term for entire Health Facility Management Committee ended on 30 June, 2025. There was no evidence of the appointment of new Health Facility Management Committee. This was contrary to Section 19 of The Facilities Improvement Financing Act, 2023, which states that the appointments of the members to the Committee shall be in such a manner that the respective expiry of their terms shall fall at different dates. The Management operates without requisite oversight which compromise the effective running of the Hospital and it points to a failure in succession planning on part of Management.

In the circumstances, the effectiveness of risk management and governance on facility management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and 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) for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA **Nancy Gathungu, CBS**
AUDITOR-GENERAL

Nairobi

04 December, 2025

Appendix I: Unresolved Prior Year Matters 2023-2024

| No | Issue |
|----|---|
| | Report on The Financial Statements |
| 1 | Unsupported Inventories |
| 2 | Non maintenance of an Updated Assets Register |
| | Report on Lawfulness and Effectiveness in the Use of the Public Resources |
| 3 | Non-Compliance with Kenya Quality Model for Healthy Policy Guidelines |
| 4 | Unutilized Managed Equipment Services |
| | Report on Effectiveness of Internal Controls, Risk Management and Governance |
| 5 | Use of Manual Accounting and Procurement |
| 6 | Weak Stock Control Management System |
| 7 | Failure to Dispose Unserviceable Assets |

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

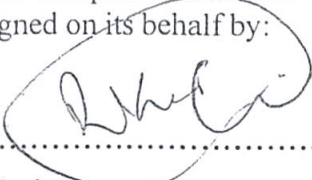
| Description | Note | Insert Current | Insert Comparative |
|---|------|----------------------|----------------------|
| | | FY 2024/2025 Kshs | FY 2023/2024 Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 3,700,000 | - |
| In-kind contributions from the County Government | 7 | 489,564,309 | 429,186,091 |
| Grants from donors and development partners | 8 | - | 15,540,680 |
| Transfers from other Government entities (Ministry of Health) | 9 | 12,600,000 | - |
| Public contributions and donations | 10 | - | - |
| | | 505,864,309 | 444,726,771 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 296,569,581 | 219,240,147 |
| Revenue from rent of facilities | 12 | - | - |
| Finance /Interest Income | 13 | - | - |
| Miscellaneous Income | 14 | - | - |
| Revenue from exchange transactions | | 296,569,581 | 219,240,147 |
| Total revenue | | 802,433,890 | 663,966,918 |
| | | | |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 114,157,504 | 125,217,792 |
| Employee costs | 16 | 533,252,414 | 413,980,635 |
| Board of Management Expenses | 17 | 992,000 | 373,625 |
| Depreciation and amortization expense | 18 | 60,265,206 | 67,998,284 |
| Repairs and maintenance | 19 | 24,484,278 | 7,059,878 |
| Grants and subsidies | 20 | - | 9,105,500 |
| General expenses | 21 | 73,666,067 | 51,685,638 |
| Finance costs | 22 | - | - |
| Total expenses | | 806,817,469 | 675,421,352 |
| Other gains/(losses) | | | |

*Iten County Referral Hospital (Elgeyo Marakwet county Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*


| Description | Note | Insert Current FY 2024/2025 | Insert Comparative FY 2023/2024 |
|--|------|--------------------------------|------------------------------------|
| | | Kshs | Kshs |
| Gain/Loss on disposal of non-Current assets | 23 | - | - |
| Unrealized gain on fair value of investments | 24 | - | - |
| Medical services contracts Gains/Losses | 25 | (38,100,973) | (11,585,857) |
| Impairment loss | 26 | - | - |
| Gain on foreign exchange transactions | | - | |
| Total other gains/(losses) | | (38,100,973) | (11,585,857) |
| Net Surplus / (Deficit) for the year | | (42,484,552) | (23,040,291) |

(The notes set out on pages 23 to 45 form an integral part of the Annual Financial Statements.)

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


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 17721


.....
Medical Superintendent

*Iten County Referral Hospital (Elgeyo Marakwet county Government
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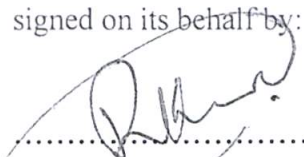
15. Statement of Financial Position As At 30th June 2025


| Description | Note | Current FY 2024/2025 | Comparative FY 2023/2024 |
|---|------|-------------------------|-----------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 1,690,920 | 17,452,248 |
| Prepayments | 28 | - | - |
| Receivables from exchange transactions | 29 | 84,650,285 | 56,604,450 |
| Receivables from non-exchange transactions | 30 | - | - |
| Inventories | 31 | 21,407,765 | 24,207,586 |
| Total Current Assets | | 107,748,970 | 98,264,284 |
| Non-current assets | | | |
| Property, plant, and equipment | 32 | 595,629,340 | 643,417,859 |
| Intangible assets | 33 | 1,445,500 | 2,065,000 |
| Investment property | 34 | - | - |
| Biological Assets | 35 | - | - |
| Total Non-current Assets | | 597,074,840 | 645,482,859 |
| Total assets (A) | | 704,823,810 | 743,747,143 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 36 | 60,722,637 | 57,161,418 |
| Refundable deposits from Patients/Prepayments | 37 | - | - |
| Provisions | 38 | - | - |
| Finance lease obligation | 39 | - | - |
| Current portion of deferred income | 40 | - | - |
| Current portion of borrowings | 41 | - | - |
| Total Current Liabilities | | 60,722,637 | 57,161,418 |
| Non-current liabilities | | | |
| Provisions | 38 | - | - |
| Non-Current Finance lease obligation | 39 | - | - |
| Non-Current portion of deferred income | 40 | - | - |
| Non - Current portion of borrowings | 41 | - | - |

*Iten County Referral Hospital (Elgeyo Marakwet county Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

| Description | Note | Current FY 2024/2025 | Comparative FY 2023/2024 |
|---------------------------------|------|-------------------------|-----------------------------|
| | | Kshs | Kshs |
| Service concession Arrangements | 42 | - | - |
| Total non-current liabilities | | - | - |
| Total Liabilities (B) | | 60,722,637 | 57,161,418 |
| Net assets (A-B) | | 644,101,173 | 686,585,725 |
| Represented by: | | | |
| Revaluation reserve | | - | - |
| Accumulated surplus/Deficit | | (214,633,749) | (172,149,197) |
| Capital Fund | | 858,734,922 | 858,734,922 |
| Net Assets | | 644,101,173 | 686,585,725 |

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


.....
**Chairman
Board of Management**


.....
**Head of Finance
ICPAK No:**


.....
Medical Superintendent

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

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--------------------------------|---------------------|-----------------------------|--------------|--------------|
| As at July 1, 2023 | - | (149,108,907) | 840,936,308 | 691,827,401 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | (23,040,290) | - | (23,040,290) |
| Capital/Development grants | - | - | 17,798,614 | 17,798,614 |
| As at June 30, 2024 | - | (172,149,197) | 858,734,922 | 686,585,727 |
| At July 1, 2024 | - | (172,149,197) | 858,734,922 | 686,585,727 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | (42,484,552) | - | (42,484,552) |
| Capital/Development grants | - | - | - | - |
| At June 30, 2025 | - | (214,633,749) | 858,734,922 | 644,101,173 |

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

| Description | Note | FY 2024/2025 | FY 2023/2024 |
|--|------|---------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | 3,700,000 | - |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | | - | - |
| Public contributions and donations | | - | |
| Rendering of services- Medical Service Income | | 212,601,931 | 179,467,673 |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | | - | - |
| Transfer from County Revenue Fund | | 14,196,000 | 162,635,697 |
| Total Receipts | | 230,497,931 | 342,103,370 |
| | | | |
| Payments | | | |
| Medical/Clinical costs | | 112,572,669 | 74,642,127 |
| Employee costs | | 30,270,960 | 17,077,821 |
| Board of Management Expenses | | 992,000 | 373,625 |
| Repairs and maintenance | | 23,209,673 | 6,120,427 |
| Grants and subsidies | | - | - |
| General expenses | | 67,356,770 | 58,601,795 |
| Finance costs | | - | - |
| County Revenue Fund | | - | 179,467,673 |
| Total Payments | | 234,402,072 | 336,283,468 |
| Net cash flows from operating activities | 43 | (3,904,141) | 5,819,902 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (11,857,187) | (10,565,834) |
| Purchase of intangible assets | | - | - |
| Proceeds from the sale of PPE | | - | - |
| Acquisition of investments | | - | - |
| Net cash flows used in investing activities | | (11,857,187) | (10,565,834) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |

*Iten County Referral Hospital (Elgeyo Marakwet county Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

| Description | Note | FY | FY |
|--|------|--------------|-------------|
| | | 2024/2025 | 2023/2024 |
| | | Kshs | Kshs |
| Capital grants received | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | (15,761,328) | (4,745,932) |
| Cash and cash equivalents as at 1 July | 27 | 17,452,248 | 22,198,180 |
| Cash and cash equivalents as at 30 June | 27 | 1,690,920 | 17,452,248 |

Iten County Referral Hospital (Elgeyo Marakwet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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 | - | - | - | - | - | - |
| Receipts | | | | | | |
| Transfers from the County Government | | 3,700,000 | 3,700,000 | 3,700,000 | 0 | 100% |
| Grants from donors and development partners | | | | | | % |
| Transfers from other Government entities | | | | | | % |
| Public contributions and donations | | | | | | |
| Rendering of services- Medical Service Income | 263,088,178 | - | 263,088,178 | 296,426,581 | 33,338,404 | 113% |
| Revenue from rent of facilities | - | - | - | - | - | % |
| Finance / interest income | | | | | | % |
| Miscellaneous receipts (<i>specify</i>) | | | | | | % |
| Total receipts | 263,088,178 | 3,700,000 | 266,788,178 | 300,126,581 | 33,338,404 | % |
| Payments | | | | | | |
| Medical/Clinical costs | 112,550,000 | 100,000 | 112,650,000 | 114,157,504 | (1,507,504) | 101% |
| Employee costs | 48,300,000 | (18,300,000) | 30,000,000 | 31,088,105 | 1,088,105 | 104% |
| Remuneration of directors | 2,100,000 | (500,000) | 1,600,000 | 992,000 | 608,000 | 62% |
| Repairs and maintenance | 23,000,000 | - | 23,000,000 | 24,484,278 | (1,484,278) | 106% |
| Grants and subsidies | - | - | - | - | - | |
| General expenses | 54,500,000 | 17,800,000 | 72,300,000 | 73,666,067 | (1,366,067) | 102% |
| Finance costs | - | - | - | - | - | |
| Refunds | - | | | | | |
| Total Operational Expenditure paid | 243,850,000 | (900,000) | 242,950,000 | 244,387,954 | (1,437,954) | 101% |
| Capital Expenditure paid | 9,550,000 | 900,000 | 10,450,000 | 11,857,187 | 1,907,187 | 106% |
| Surplus | 9,688,178 | 3,700,000 | 13,388,178 | 43,881,440 | 30,493,262 | |

19. Notes to the Financial Statements

1. General Information

Iten County Referral Hospital is an entity established by and derives its authority and accountability from the county Government Act. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Elgeyo Marakwet County in Kenya. The entity’s principal activity includes:

- (i) To receive patients on referral from other Hospitals or Health facilities within or outside Elgeyo Marakwet County for Specialized Healthcare.
- (ii) To assure provision of Quality health care services, disaster preparedness and response
- (iii) To Strengthen availability of essential medicines, medical equipment and supplies
- (iv) To maintain and improve hospital infrastructure and means of transport to meet the demands for service delivery.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital. The financial statements have been prepared in accordance with the PFM Act, and the Constitution of Kenya, 2010, County Government act, 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There were new amendments to standards effective 1st January, 2025.

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

| Standard | Effective date and impact: |
|----------|--|
| IPSAS 43 | <i>Applicable 1st January 2025</i> |
| | The standard sets out the principles for the recognition, measurement, |

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| Standard | Effective date and impact: |
|--|--|
| | <p>presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>Key expected impacts include:</p> <ul style="list-style-type: none"> • Balance Sheet Impact: Assets and liabilities will increase due to the recognition of the right-of-use assets and lease liabilities. • Financial Performance: Lease expenses, which were previously treated as operating expenses, will now be split between depreciation of the right-of-use assets and interest on the lease liabilities, potentially altering profit metrics such as EBITDA. • Cash Flow Presentation: Lease payments will be classified into principal repayments (financing activities) and interest payments (operating activities), affecting the presentation of cash flows. • Disclosure Requirements: The standard requires enhanced disclosures, ensuring users of financial statements have detailed information to assess the nature and financial implications of leasing arrangements. • <i>ICRH didn't operate any lease item of PPE or Equipment and hence the standard change didn't affect reporting.</i> |
| <p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p> | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The facility does not hold any asset for sale and consequently the change in standard didn't affect the financial statement.</i></p> |
| <p>IPSAS 45- Property Plant and Equipment</p> | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for</p> |

| Standard | Effective date and impact: |
|--------------------------------------|--|
| | <p>infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>ICRH doesn't hold any heritage asset in this class and therefore the change in reporting Standard doesn't affect the Financial statement.</p> |
| <p>IPSAS 46 Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. This new standard is expected to impact the entity in several ways:</p> <ul style="list-style-type: none"> • Enhanced Measurement Guidance: IPSAS 46 provides more detailed guidance on the application of measurement bases, such as historical cost, fair value, and current operational value. This will help the entity achieve greater consistency and accuracy in applying these measurement bases across various asset and liability categories. • The new guidance could lead to adjustments in how the entity measures certain assets and liabilities, affecting the balance sheet values. • Introduction of Current Operational Value: The new measurement basis, current operational value, which reflects the cost required to replace an asset in its current service potential, is specifically designed for public sector entities. This may alter how certain assets, especially those related to public services (e.g., infrastructure, heritage, or community assets), are valued. • This could lead to changes in the reported values of assets if the current operational value differs significantly from other measurement bases, like fair value or historical cost. • Consistency in Transaction Costs: The clarification and harmonization of guidance on transaction costs across different standards will improve the entity's consistency in recognizing and measuring assets and liabilities. This may lead to adjustments in the initial measurement of assets or the cost of acquisition due to clearer guidance on whether transaction costs should be included or excluded. • Impact on Recognition and Subsequent Measurement: The |

| Standard | Effective date and impact: |
|-------------------|---|
| | <p>amendments in measurement guidance for both initial recognition and subsequent measurement may result in changes to how the entity records and remeasures assets and liabilities over time. For example, assets that were previously measured at historical cost may now need to be reassessed under current operational value or fair value.</p> <ul style="list-style-type: none"> • Increased Disclosure Requirements: IPSAS 46 emphasizes detailed disclosures related to measurement, which will require the entity to provide more comprehensive information about the measurement bases applied, any changes in those bases, and their impact on financial performance and position. • Operational and System Adjustments: The introduction of the current operational value measurement basis and other changes may require the entity to update its accounting policies, internal processes, and systems to ensure compliance. This could also necessitate training for staff to understand and apply the new measurement guidance. <p>The facility is in the process of updating the valuation of all its assets and in subsequent financial year, the current operational value will be adopted to comply with the new IPSAS 46 standard.</p> |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. This comprehensive approach is expected to impact the entity in several ways:</p> <p>Unified Revenue Recognition Framework: The entity will now follow a single, standardized framework for recognizing revenue from all transactions, including exchange, non-exchange, and construction contracts, leading to greater consistency in revenue reporting.</p> <p>Revenue Recognition Principles: IPSAS 47 emphasizes the recognition of revenue based on the nature, amount, timing, and uncertainty of revenue, potentially changing how and when the entity recognizes certain revenue streams, especially for non-exchange transactions like grants or donations.</p> <p>Improved Disclosure: The entity will be required to provide enhanced disclosures about revenue, giving users of financial statements better insights into the entity's revenue sources and the associated cash flows.</p> <p>Operational Changes: Implementation of IPSAS 47 may necessitate changes to accounting systems, processes, and staff training to ensure compliance with the new revenue recognition and reporting requirements.</p> <p>Impact on Financial Performance: The timing of revenue recognition may shift, impacting the entity's reported financial performance and cash flow, particularly for long-term contracts and conditional non-exchange transactions</p> |

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| Standard | Effective date and impact: |
|--|---|
| IPSAS 48- Transfer Expenses | <i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. |
| IPSAS 49- Retirement Benefit Plans | <i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. |

iii) Early adoption of standards

The Hospital did not early – adopt any new or amended standards in the financial year 2024/2025.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Donor funded projects grants

Grants received for donor funded projects are recognized in statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.

Public contributions and donations

Cash donations: Income from endowments, donations, research grants and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: The revenue from donations in kind is measured at fair value and recognized on obtaining control of the asset (goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market or by appraisal by a member of the valuation profession.

ii) **Revenue from exchange transactions**

Rendering of services

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

Sale of goods

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

Interest income

Iten County Referral Hospital does not earn Interest income.

Dividends

Iten County Referral Hospital does not earn Dividend income.

Rental income

Iten County Referral Hospital does not earn Rental income

b. Budget information

The original budget for FY 2024/2025 was approved by Board on **25th August, 2024**. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and County Department of Health. The Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section on statement of comparison of budget and actual amounts of these financial statements.

c. Taxes

Current Income Tax

Iten County Referral Hospital does not earn Current income tax.

Deferred Tax

Iten County Referral Hospital does not earn deferred tax.

Sales Tax

Iten County Referral Hospital does not earn sales tax.

d. Investment property

Iten County Referral Hospital does not have investment properties.

e. Property, plant and equipment

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

Land is not depreciated. Depreciation on other assets is calculated on a reducing balance basis to write off the cost of each asset, or the revalued amount, to their residual values over the estimated useful life. The annual rates used for each class of assets are:

| | | | |
|------------------------|-------|--------------------|-------|
| Buildings | 2.5% | Tractors | 37.5% |
| Plant & Machinery | 12.5% | Computers, copiers | 30% |
| Furniture and Fittings | 12.5% | Medical Equipment | 12.5% |
| Motor Vehicles | 25% | Intangible Assets | 30% |

f. Leases

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

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

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

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

Iten County Referral Hospital does not have finance leases.

g. Intangible assets

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

h. Biological Assets

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

i. Research and development costs

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

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

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

Iten County Referral Hospital does not have Research and development costs.

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 9.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The reserves maintained by the hospital include;

Capital reserve

Capital reserve relates to the initial value of property, plant and equipment the Board of Management inherited from the Ministry of Health when ICRH was devolved. Capital grants received from the County/National Government are treated as addition to the capital reserve. Movements in the capital reserve are shown in the statement of changes in net asset.

Revaluation reserve

Revaluation reserve arises on revaluation of property, plant and equipment. When revalued property, plant and equipment are disposed, the portion of revaluation reserve that relates to the asset is transferred directly to revaluation reserve. Movements in the revaluation reserve are shown in the statement of changes in net assets.

Accumulated Fund

Accumulated fund is a revenue fund where the results (surplus/deficit) for each year's financial performance are accumulated. Movements in the revaluation reserve are shown in the statement of changes in net assets.

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

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

Employees whose services were transferred to the County Government and are currently covered under the Public Service Pension Scheme.

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

recognized, the Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions made by the management include:

Provision for Bad Debts

A debt is deemed to be impaired if, and only if, there is objective evidence that the recoverability of that debt is doubtful. Indigent patients who are unable to settle their medical bills upon clinical discharge are allowed home on unsecured credit, and since the payment of these debts are highly doubtful, they are provided for as bad and doubtful.

Notes to Financial Statements Continued

6. Transfers from the County Government

| Description | FY 2024/2025 | FY 2023/2024 |
|---|------------------|-----------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | - | - |
| Level 4/5 grants | - | - |
| Unconditional development grants | - | - |
| Transfer from County Government | 3,700,000 | - |
| | 3,700,000 | - |
| Conditional grants | | |
| User fee forgone | - | - |
| Transforming health services for Universal care project (THUCP) | - | - |
| DANIDA | - | - |
| Wards Development grant | - | - |
| Paediatric block grant | - | - |
| Administration block grant | - | - |
| Laboratory grant | - | - |

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| | | |
|---------------------------------------|-----------|---|
| Total government grants and subsidies | 3,700,000 | - |
|---------------------------------------|-----------|---|

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

| Description | FY 2024/2025 | FY 2023/2024 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Salaries and wages | 489,564,309 | 398,340,535 |
| Medical supplies-Drawings Rights (KEMSA) | - | 30,845,556 |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | - | - |
| Utility bills | - | - |
| Total grants in kind | 489,564,309 | 429,186,091 |

8. Grants From Donors and Development Partners

| Description | FY2024/2025 | FY 2023/2024 |
|---|-------------|-------------------|
| | KShs | KShs |
| Amenity Ward grant-EMC-County Government | - | 11,840,680 |
| Hospital Management Information System-EMC CG | - | 2,950,000 |
| Wheelchairs&Stretchers-Safaricom Foundation | - | 750,000 |
| Research grants | - | - |
| Other grants | - | - |
| Total grants from development partners | - | 15,540,680 |

8

(a) Grants from donors and

development partners (Classification)

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

| Description | FY 2024/2025 | FY 2023/2024 |
|--|---------------------|--------------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | 12,600,000 | - |
| Transfer from Iten County Referral Hospital | - | - |
| Transfer from Institute | - | - |
| Total Transfers | 12,600,000 ✓ | - |

10. Public Contributions and Donations

| Description | FY 2024/2025 | FY 2023/2024 |
|--|--------------|------------------|
| | KShs | KShs |
| Drugs Donation from KEMSA | - | 3,098,992 |
| Donations from local leadership | - | - |
| Donations from religious institutions | - | - |
| Donations from other international organisations and individuals | - | - |
| Other donations(<i>specify</i>) | - | - |
| Donations in kind-amortised | - | - |
| Total donations and sponsorships | - | 3,098,992 |

10 (a) Reconciliations of amortised grants

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

Iten County Referral Hospital (Elgeyo Marakwet County Government)
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

| Description | FY 2024/2025 | FY 2023/2024 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Pharmaceuticals | 46,269,399 | 41,505,093 |
| Eye Services in | 98,900 | 206,400 |
| Laboratory | 24,968,416 | 28,265,055 |
| Radiology | 24,258,750 | 21,409,900 |
| Orthopedic and Trauma Technology | 233,000 | 177,000 |
| Theatre | 23,353,665 | 9,236,299 |
| Accident and Emergency Service | 75,100 | 41,400 |
| Renal Service | 28,861,756 | 23,552,797 |
| Ear Nose and Throat service | 138,100 | 56,500 |
| Inpatient Income | 111,713,555 | 76,819,154 |
| Physiotherapy service | 450,254 | 433,600 |
| Dental services | 2,170,900 | 2,485,000 |
| Maternity Service Income | 8,151,000 | 4,685,000 |
| Cardiology service | 945,160 | 0 |
| Farewell home services | 9,126,000 | 8,467,000 |
| Ambulance services | 188,000 | 0 |
| Other medical services income (<i>specify</i>) | 14,260,825 | 925,050 |
| ICRH Hall income | 143,001 | 0 |
| Disposal Income | 60,000 | 0 |
| Psychiatric Service Income | 433,300 | 325,300 |
| Public Health Service Income | 8,000 | 20,000 |
| Attachment Fee Income | 88,000 | 0 |
| Administrative Service Income | 574,500 | 629,600 |
| Total revenue from the rendering of services | 296,569,581 | 219,240,148 |

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

| Description | FY2024/2025 | FY2023/2024 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Interest income from Cash investments and fixed deposits | - | - |
| Interest income from short- term/ current deposits | - | - |
| Interest income from Treasury Bills | - | - |
| Interest income from Treasury Bonds | - | - |
| Interest from outstanding debtors | - | - |
| Total finance income | - | - |

(Provide brief explanation for this revenue)

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description | 2024/2025 | FY2023/2024 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Dental costs/ materials | 1,284,500 | 8,584 |
| Laboratory chemicals and reagents | 7,632,010 | 1,267,372 |
| Public health activities | 0 | 0 |
| Food and Ration | 13,055,398 | 14,146,330 |
| Uniform, clothing, and linen | 1,188,000 | 1,250,000 |
| Dressing and Non-Pharmaceuticals /Renal items | 31,418,636 | 46,702,902 |
| Pharmaceutical supplies | 47,450,170 | 53,730,059 |
| Health information stationery | 0 | 0 |
| Reproductive health materials | 0 | 0 |
| Sanitary and cleansing Materials | 746,600 | 538,100 |
| Purchase of Medical gases | 4,758,300 | 482,457 |
| X-Ray/Radiology supplies | 6,623,890 | 7,091,300 |
| Other medical related clinical costs (<i>specify</i>) | 0 | 0 |
| Total medical/ clinical costs | 114,157,504 | 125,217,104 |

16. Employee Costs

| Description | FY2024/2025 | FY 2023/2024 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 502,164,309 | 398,340,535 |
| Contributions to pension schemes | - | - |
| Service gratuity | - | - |
| Performance and other bonuses | - | - |
| Staff medical expenses and Insurance cover | - | - |
| Group personal accident insurance and WIBA | - | - |
| Social contribution | - | - |
| Other employee costs (<i>Contracted</i>) | 31,088,105 | 15,640,100 |
| Employee costs | 533,252,414 | 413,980,635 |

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

| Description | FY2024/2025 | FY 2023/2024 |
|------------------------------------|------------------|----------------|
| | Kshs | Kshs |
| Chairman's Honoraria | | |
| Sitting allowance | 992,000 | 373,625 |
| Mileage | - | - |
| Insurance expenses | - | - |
| Induction and training | - | - |
| Travel and accommodation allowance | - | - |
| Airtime allowances | - | - |
| Total | 992,000 ✓ | 373,625 |

18. Depreciation and Amortization Expense

| Description | FY2024/2025 | FY 2023/2024 |
|--|---------------------|-------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 59,645,706 | 66,228,284 |
| Intangible assets | 619,500 | 885,000 |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | 60,265,206 ✓ | 67,113,284 |

19. Repairs And Maintenance

| Description | FY2024/2025 | FY 2023/2024 |
|--------------------------------------|---------------------|------------------|
| | Kshs | Kshs |
| Property- Buildings | 2,202,106 | 4,735,075 |
| Medical equipment | 11,560,240 | - |
| Office equipment | - | - |
| Furniture and fittings | 205,100 | - |
| Expenses-Motor Vehicle | 357,724 | 306,000 |
| Computers and accessories | 948,000 | 31,800 |
| Motor vehicle expenses | | 1,987,003 |
| Maintenance of Plant & Machinery | 9,211,108 | - |
| Total repairs and maintenance | 24,484,278 ✓ | 7,059,878 |

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

| Description | FY 2024/2025 | FY 2023/2024 |
|--|--------------|------------------|
| | Kshs | Kshs |
| Transfers to Chebiemit S/C Hospital | - | 5,605,500 |
| Transfers to the County department of Lands | - | 3,500,000 |
| Transfer to EMC | - | - |
| Disability programs | - | - |
| Free cancer screening | - | - |
| Social benefit expenses | - | - |
| Other grants and subsidies(<i>specify</i>) | - | - |
| Total grants and subsidies | - | 9,105,500 |

21. General Expenses

| Description | FY2024/2025 | FY2023/2024 |
|------------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Advertising and publicity expenses | 316,092 | - |
| Catering expenses | 3,230,532 | 493,630 |
| Waste management expenses | - | - |
| Daily Subsistence | 3,150,795 | 2,825,770 |
| Kenya School of Government | 1,185,708 | - |
| Bank charges | 288,560 | - |
| Conferences and delegations | - | - |
| Field Allowance | 3,999,117 | - |
| Contracted services | 8,308,915 | 7,863,324 |
| Electricity expenses | 12,945,679 | 10,993,973 |
| Fuel and Lubricants | 7,221,411 | 5,211,266 |
| Insurance | 260,700 | 0 |
| Research and development expenses | - | - |
| Travel and accommodation allowance | 5,441,068 | 10,868,184 |
| Legal expenses | 5,375,520 | - |
| Licenses and permits | - | - |
| Courier and postal services | 18,900 | 18,900 |
| Printing and stationery | 4,862,765 | 3,310,026 |
| Other Fuels | 1,629,400 | 917,525 |
| Other Operating Expenses | 5,232,228 | 5,208,770 |
| Water and sewerage costs | 2,478,960 | 3,467,020 |
| Skills development levies | | |

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| Description | FY2024/2025 | FY2023/2024 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Telephone and mobile phone services | 381,000 | 237,000 |
| Internet expenses | 799,100 | - |
| Staff training and development | 6,419,617 | - |
| Subscriptions to professional bodies | 120,000 | 270,250 |
| Subscriptions to newspapers periodical, magazines, and gazette notices | - | - |
| Library books/Materials | - | - |
| Parking charges | - | - |
| Total General Expenses | 73,666,067 | 51,685,638 |

22. Finance Costs

| Description | FY2024/2025 | FY 2023/2024 |
|---|-------------|--------------|
| | KShs | KShs |
| Borrowings (amortized cost) * | - | - |
| Finance leases (amortized cost) | - | - |
| Interest on Bank overdrafts/Guarantees | - | - |
| Interest on loans from commercial banks | - | - |
| Total finance costs | - | - |

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

| Description | FY2024/2025 | FY2023/2024 |
|---|-------------|-------------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Other assets not capitalised (<i>specify</i>) | - | - |
| Total gain on sale of assets | - | - |

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

| Description | FY 2024/2025 | FY 2023/2024 |
|---|-------------------|------------------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF/SHA | 29,967,756 | |
| Non- Comprehensive contracts care with NHIF/SHA | - | |
| Linda Mama Program | - | - |
| Waivers and Exemptions | 8,133,217 | 11,585,857 |
| Total Gain/Loss | 38,100,973 | 11,585,85 |

26. Impairment Loss

| Description | FY2024/2025 | FY2023/2024 |
|--------------------------------|-------------|-------------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Investments | - | - |
| Total impairment loss | - | - |

27. Cash And Cash Equivalent

| Description | FY2024/2025 | FY2023/204 |
|--|------------------|-------------------|
| | KShs | KShs |
| Current accounts | 1,437,844 | 17,430,672 |
| On - call deposit | - | - |
| Fixed deposits accounts | | - |
| Cash in hand | | - |
| Others(<i>specify</i>)- Mobile money | 253,076 | 21,576 |
| Total cash and cash equivalents | 1,690,920 | 17,452,248 |

Notes to the Financial Statements (Continued)

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

| Description | | FY2024/2025 | FY2023/2024 |
|----------------------------------|----------------|------------------|-------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1147075433 | 972 | 16,399,122 |
| Equity Bank, etc | 1530279855730 | 1,436,872 | 1,031,550 |
| Sub- total | | 1,437,844 | 17,430,672 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | | |
| Equity Bank – etc | | | |
| Sub- total | | | |
| c) Fixed deposits account | | | |
| Bank Name | | | |
| Sub- total | | | |
| d) Others(<i>specify</i>) | | | |
| cash in hand | | | |
| Mobile money- Mpesa money | | 253,076 | 21,576 |
| Sub- total | | 253,076 | 21,576 |
| Grand total | | 1,690,920 | 17,452,248 |

28. Prepayments

| Description | FY2024/2025 | FY2023/2024 |
|----------------|-------------|-------------|
| | Kshs | Kshs |
| Insurance | - | - |
| Rent | - | - |
| Water | - | - |
| Internet | - | - |
| Others specify | - | - |
| Total | - | - |

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29. Receivables From Exchange Transactions

| Description | FY 2024/2025 | FY 2023/2024 |
|------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Medical services receivables | 84,650,285 | 56,604,450 |
| Rent receivables | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | | |
| Total receivables | 84,650,285 | 56,604,450 |

Analysis of Receivables From Exchange Transactions

| Description | FY2024/2025 | | FY2023/2024 | |
|--------------------|-------------------|----------------|-------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 82,002,715 | 96.8% | 56,604,450 | 100% |
| Between 1- 2 years | 1,746,520 | 2.1% | - | % |
| Between 2-3 years | 901,050 | 1.1% | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | 84,650,285 | % | 56,604,450 | % |

30. Receivables From Non-Exchange Transactions

| Description | FY2024/2025 | FY2023/2024 |
|--|-------------|-------------|
| | KShs | KShs |
| Transfers from the County Government | - | - |
| Undisbursed donor funds | - | - |
| Other debtors (<i>non-exchange transactions</i>) | - | - |
| Less: impairment allowance | - | - |
| Total | - | - |

Analysis of Receivables From Non-Exchange Transactions

| Description | FY2024/2025 | | FY 2023/2024 | |
|--------------------|-------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | - | % | - | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | - | % | - | % |

31. Inventories

| Description | FY 2024/2025 | FY 2023/2024 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Pharmaceutical supplies | 12,196,342 | 12,999,442 |
| Non Pharmaceutical supplies | 6,382,950 | 10,702,894 |
| Food supplies | 82,668 | 105,250 |
| Linen and clothing supplies | 2,745,805 | 400,000 |
| Cleaning materials supplies | - | - |
| General supplies | - | - |
| Less: provision for impairment of stocks | - | - |
| Total | 21,407,765 | 24,207,586 |

Detailed disclosure on inventories

| | Insert Current FY | Insert Comparative FY |
|----------------------------------|----------------------------------|----------------------------------|
| Opening balance | | |
| Additional Inventory in the year | | |
| Inventory expensed in the year | | |
| Write-downs in the year | | |
| Others specify | | |
| Closing balance | | |

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

| Description | Land | Buildings and Civil works (2.5%) | Motor vehicles (25%) | Furniture, fittings, and office equipment (12.5%) | ICT Equipment (30%) | Plant and medical equipment (12.5%) | Capital Work in progress | Total |
|------------------------------------|-------------|----------------------------------|----------------------|---|---------------------|-------------------------------------|--------------------------|-------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| Cost | | | | | | | | |
| At 1 July 2023 | 136,500,000 | 65,289,079 | 13,079,884 | 18,305,674 | 22,907,365 | 454,428,329 | 102,215,666 | 812,725,997 |
| Additions | - | - | - | 2,063,139 | 7,846,016 | 3,982,494 | 14,098,614 | 27,990,263 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | 17,022,237 | - | - | - | 85,193,429 | (102,215,666) | - |
| At 30 th June 2024 | 136,500,000 | 82,311,316 | 13,079,884 | 20,368,813 | 30,753,381 | 543,604,252 | 14,098,614 | 840,716,260 |
| At 1 st July 2024 | 136,500,000 | 82,311,316 | 13,079,884 | 20,368,813 | 30,753,381 | 543,604,252 | 14,098,614 | 840,716,260 |
| Additions | - | - | - | 867,446 | 7,157,049 | 3,832,692 | - | 11,857,187 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| At 30 th June 2025 | 136,500,000 | 82,311,316 | 13,079,884 | 21,236,259 | 37,910,430 | 547,436,944 | 14,098,614 | 852,573,447 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2023 | - | 3,022,035 | 5,722,449 | 4,275,666 | 11,572,859 | 106,477,108 | - | 131,070,118 |
| Depreciation for the year | - | 1,982,232 | 1,839,359 | 2,011,643 | 5,754,157 | 54,640,893 | - | 66,228,284 |

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

| Description | FY2024/2025 | FY 2023/2024 |
|------------------------------------|-------------|--------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | 2,065,000 | |
| Additions | - | 2,950,000 |
| Additions-Internal development | | - |
| Disposal | | |
| At end of the year | 2,065,000 | 2,950,000 |
| Amortization and impairment | | |
| At beginning of the year | | |
| Amortization for the period | 619,500 | 885,000 |
| Impairment loss | - | - |
| At end of the year | | |
| NBV | 1,445,500 | 2,065,000 |

34. Investment Property

| Description | FY2024/2025 | FY 2023/2024 |
|--|-------------|--------------|
| | KShs | KShs |
| At beginning of the year | - | - |
| Additions | - | - |
| Disposals during the year | - | - |
| Fair value gain | - | - |
| Depreciation (<i>where investment property is at cost</i>) | - | - |
| Impairment | - | - |
| At end of the year | - | - |

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Notes to the Financial Statements (Continued)

35. Biological Assets

| Description | FY2024/2025 | FY 2023/2025 |
|------------------------------------|-------------|--------------|
| | Kshs | Kshs |
| Trees in a plantation forest | - | - |
| Animals: Dairy Cattle, Pigs, Sheep | - | - |
| Others specify | - | - |
| Total | - | - |

36. Trade and other Payables

| Description | FY2024/2025 | | FY2023/2024 | |
|--|-----------------------------|-----------------------|--------------------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables | 56,337,447 | | 55,665,708 | |
| Employee dues | 4,385,190 | | 1,495,710 | |
| Third-party payments (<i>e.g. unremitted payroll deductions</i>) | - | | - | |
| Audit fee | - | | - | |
| Doctors' fee | - | | - | |
| Total trade and other payables | 60,722,637 | | 57,161,418 | |
| Ageing analysis: | Current FY 2024/2025 | % of the Total | Comparative FY2023/2024 | % of the total |
| Under one year | 60,722,637 | 100% | 57,161,418 | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | 60,722,637 | 100% | 57,161,418 | % |

37. Refundable Deposits from Customers/Patients

| Description | FY 2024/2025 | FY 2023/2024 |
|------------------------------|--------------|--------------|
| | KShs | KShs |
| Medical fees paid in advance | - | - |
| Credit facility deposit | - | - |
| Rent deposits | - | - |
| Others (<i>specify</i>) | - | - |
| Total deposits | - | - |
| | - | - |

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| Ageing analysis: | FY2024/2025 | % of the Total | FY2023/2024 | % of the Total |
|------------------|-------------|----------------|-------------|----------------|
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

38. Provisions

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

39. Finance Lease Obligation

| Description | FY2024/2025 | FY2023/2024 |
|----------------------------|-------------|-------------|
| | Kshs | Kshs |
| Current Lease obligation | - | - |
| Long term lease obligation | - | - |
| Total | - | - |

40. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

| Description | FY 2024/2025 | FY2023/2024 |
|---|--------------|-------------|
| | KShs | KShs |
| Balance at beginning of the period | - | - |
| External borrowings during the year | - | - |
| Domestic borrowings during the year | - | - |
| Repayments of external borrowings during the year | - | - |
| Repayments of domestic borrowings during the year | - | - |
| Balance at end of the period | - | - |

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

| Description | FY 2024/2025 | FY2023/2024 |
|------------------------|--------------|-------------|
| | KShs | KShs |
| Current Obligation | - | - |
| Non-Current Obligation | - | - |
| Total | - | - |

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

| Description | FY2024/2025 | FY2023/24 |
|--|-------------|-----------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | | |
| Accumulated depreciation to date | - | - |
| Net carrying amount | | |
| Service concession liability at beginning of the year | - | - |
| Service concession revenue recognized | - | - |
| Service concession liability at end of the year | | |

43. Cash Generated from Operations

| Description | FY 2024/2025 | FY2023/2024 |
|--|--------------------|------------------|
| | KShs | KShs |
| Surplus for the year before tax | (42,484,552) | (23,040,291) |
| Adjusted for: | | |
| Depreciation | 60,265,206 | 67,113,284 |
| Non-cash grants received | - | 15,540,680 |
| Impairment | - | - |
| Gains and losses on disposal of assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Working Capital adjustments | 17,780,654 | 28,532,313 |
| Decrease/Increase in inventory | 2,799,821 | (2,624,227) |
| Increase in receivables | (28,045,835) | (20,928,827) |
| Increase in deferred income | - | - |
| Increase in payables | 3,561,219 | 840,643 |
| Increase in payments received in advance | - | - |
| Net cash flow from operating activities | (3,904,141) | 5,819,902 |

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

| Description | Total amount | Fully performing | Past due | Impaired |
|---|-------------------|-------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Receivables from exchange transactions | 56,604,450 | 56,604,450 | | |
| Receivables from –non-exchange transactions | - | - | | |
| Bank balances | 17,452,248 | 17,452,248 | | |
| Total | 74,056,698 | 74,056,698 | | |
| At 30 June 2025 | | | | |
| Receivables from exchange transactions | 84,650,285 | 84,650,285 | | |
| Receivables from –non-exchange transactions | - | - | | |
| Bank balances | 1,690,920 | 1,690,205 | | |
| Total | 86,341,205 | 86,341,205 | | |

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal. The entity has significant concentration of credit risk on amounts due from debtors. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade payables | 2,989,600 | 34,394,918 | 19,776,900 | 57,161,418 |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | 2,989,600 | 34,394,918 | 19,776,900 | 57,161,418 |
| At 30 June 2025 | | | | |
| Trade payables | 4,123,710 | 29,648,370 | 26,950,557 | 60,722,637 |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | 4,123,710 | 29,648,370 | 26,950,557 | 60,722,637 |

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

Iten county referral has no transactional currency exposures, since it does not deal with foreign currency

Foreign currency sensitivity analysis

ICRH has not exposed to interest rate exposure risks hence has not done sensitivity analysis.

b) Interest rate risk

ICRH has not exposed to cash flow interest rate risk.

Management of interest rate risk

ICRH has not exposed to management interest rate risk.

Sensitivity analysis

ICRH has not exposed to interest rate exposure risks hence has not done sensitivity analysis

Notes to the Financial Statements (Continued)

iv) **Capital Risk Management**

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

| Description | 2024/25 | 2023/24 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | (214,633,749) | (172,149,197) |
| Capital reserve | 858,734,922 | 858,734,922 |
| Total funds | 644,101,173 | 686,585,725 |
| Total borrowings | - | - |
| Less: cash and bank balances | 1,690,920 | 17,452,248 |
| Net debt/ (<i>excess cash and cash equivalents</i>) | | (17,452,248) |
| Gearing | - | - |

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

- i) The National Government;
- ii) The Ministry of Health;
- iii) The County Government;
- iv) The County treasury;
- v) The County department of health & sanitation;
- vi) Board of Directors;
- vii) Key Management

| Description | 2024/25 | 2023/24 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Services offered to related parties | | |
| Services to | - | - |
| Sales to | - | - |
| Total | - | - |
| b) Grants from the Government | | |
| Transfer from county Government | 3,700,000 | |
| Amenity ward grant- CG | - | 14,098,614 |
| Hospital management information system | - | 2,950,000 |
| Wheelchairs & Stretchers - Safaricom Foundation | - | 750,000 |
| Inkind support from County Governmnet - CG | 489,564,309 | 429,186,091 |
| Transfer from other government entities(Ministry of Health) | 12,600,000 | |
| Total | 505,864,309 | 446,984,705 |
| c) Expenses incurred on behalf of related party | | |
| Transfers to the Chebiemit Sub County Hospital | | 5,605,500 |
| Transfers to the county Government | - | 3,500,000 |
| Total | - | 9,105,500 |
| d) Key management compensation | | |

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| Description | 2024/25 | 2023/24 |
|--------------------------------|---------|---------|
| | Kshs | Kshs |
| Compensation to key management | - | |
| Total | 992,000 | 373,625 |

1. Events after the Reporting Period

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

2. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health & Sanitation. Its ultimate parent is the County Government of Elgeyo Marakwet.

3. Currency

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

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46. Segment Information

ICRH do not have segments in another geographical location

47. Contingent Liabilities

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

(Give details)

48. Capital Commitments

| Capital Commitments | FY 2024/2025 | FY2023/2025 |
|-------------------------------|--------------|-------------|
| | Kshs | Kshs |
| Authorised For | | |
| Authorised And Contracted For | | |
| Total | | |

Iten county referral hospital has no Capital commitments

49. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--|---|
| Un supported Inventory | Authenticity of the documents could not be ascertained | The committee recommended that the Governor institutes an internal mechanism to manage the audit process, to ensure automation of process. Officers to ensure timely submission of documents during audit process. | Un resolved | |
| Non maintenance of an updated fixed assets register | Hospital land yet to be transferred from the National Treasury to the County | The Committee recommends that the Accounting Officer ensure proper asset management. | Un resolved | |
| Non Compliance with Kenya Quality Model for Health Policy Guidelines | In adequate staffing and Equipment | The Committee recommended that the Governor endeavours to adhere to comply with Kenya Quality Model for Health Policy. | Un resolved | |

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Guidance Notes:

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

.....
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-----------------------------------|-----------------|------------------|---|---|
| 1 | Amenity ward | Elgeyo marakwet county government | 1 | 14,041,775 | yes | yes |
| 2 | | | | | | |

Status of Projects completion

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

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|--------------|--------------------|------------------------|----------------------|------------|------------|--------------------------------------|
| 1 | Amenity ward | 14,041,775 | 10,531,331 | 75% | 14,041,775 | 14,041,775 | County Government of Elgeyo marakwet |
| 2 | | | | | | | |
| 3 | | | | | | | |

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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