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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIAMBU COUNTY HEALTH SERVICES  
FACILITY IMPROVEMENT FUND**

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

| PAPERS LAID        |                           |
|--------------------|---------------------------|
| DATE               | 18 <sup>th</sup> /02/2026 |
| TABLED BY          | W. Legue                  |
| COMMITTEE          | —                         |
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**KIAMBU COUNTY HEALTH SERVICES FACILITY IMPROVEMENT  
FUND**

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

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

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

|        |  |
|--------|--|
| BOM    | Board of Management                                |
| ICPAK  | Institute of Certified Public Accountants of Kenya |
| IPSAS  | International Public Sector Accounting Standards   |
| PFM    | Public Finance Management                          |
| PSASB  | Public Sector Accounting Standards Board           |
| Kshs   | Kenya Shillings                                    |
| FIF-   | facility improvement fund                          |
| KEPH-  | Kenya Essential Package For Health                 |
| CECM-  | County Executive Committee Member                  |
| CIDP-  | County Integrated Development Plan                 |
| CHMT - | County Health Management team                      |
| MMed   | Masters in medicine                                |
| SLDP   | senior leadership development program              |
| KSG    | Kenya school of government                         |
| UON    | University of Nairobi                              |
| CPA    | certified public accountant                        |
| NHIF   | National health insurance                          |
| SHA    | Social Health Insurance                            |

### **B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **a) Background information**

Kiambu county health fund is established by and derives its authority and accountability from Kiambu county health act 2019 The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to promote access to health care services, facilitate progressive realization of right to health care within the county to the highest attainable standards of health care including public health care, reproductive health and right to emergency care treatment

The Fund's principal activity is ....

### **b) Principal Activities**

Promote access to health services

- Facilitate progressive realization of the right to health within the county to the highest attainable standards of health within the county including public health, reproductive health and right to access emergency medical care
- Promote public health
- Establish a framework for cooperation with the health regulatory bodies established under any other written law for purpose of assuring standard health care services.

### **VISION**

An efficient, effective and high quality health care system that is accessible, equitable and affordable for every person in Kiambu County.

### **MISSION**

To provide health services that is equitable, accessible and accountable to the people of Kiambu County through participatory Leadership.

### **MANDATE OF THE FUND**

To provide health services, create an enabling environment, regulate, set standards and policy for health service delivery.

**Kiambu County Health Services Facility Improvement Fund  
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**c) Fund Administration Committee**

| SN | Name                     | Position           |
|----|--------------------------|--------------------|
| 1  | Dr Patrick Njeru Nyaga   | Fund administrator |
| 2  | Dr Hillary Kagwa Gichuki | Fund secretary     |
| 3  | Stephen Musyoka Ngui     | Member             |
| 4  | Dr Angeline wekesa       | Member             |
| 5  | Dr Derrick mukhetha      | Member             |
| 6  | Dr Esther Kamau          | Member             |

**d) Key Management team**

| SN | Name                     | Position           |
|----|--------------------------|--------------------|
| 1  | Dr Patrick .N.Nyaga      | Fund Administrator |
| 2  | Alex Weru Nyamu          | Fund Accountant    |
| 3  | Dr Hillary Kagwa Gichuki | Fund secretary     |
| 4  | Stephen Musyoka Ngui     | Member             |
| 5  | Dr Angeline wekesa       | Member             |
| 6  | Dr Derrick mukhetha      | Member             |
| 7  | Dr Esther kamau          | Member             |

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

The fund is audited internally by the Kiambu county internal audit department. The county assembly of Kiambu is mandated to regulate the fund by enacting laws to govern the fund operations. The Kiambu County finance department guides on financial policy matters on how the fund is operated

| SN | Position                                 | Name            |
|----|--|-----------------|
| 1  | Directorate Internal Audit Kiambu county | Joel Ngeru      |
| 2  | County assembly of Kiambu                | John Mutie      |
| 3  | Kiambu county finance department         | Nancy N Kirumba |

**f) Registered Offices**

Department of health services –Kiambu County  
P.O. Box 2344-00900  
Kiambu, KENYA

**g) Fund Contacts**

E-mail: [cdhkiambu@gmail.com](mailto:cdhkiambu@gmail.com)  
Website: [www.kiambu.go.ke](http://www.kiambu.go.ke)

**h) Fund Bankers**

Family bank limited  
A/C 005000072712  
P.O. Box 74145  
00200- Muindi Mbingu Street

*Kiambu County Health Services Facility Improvement Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Key Entity and Management (Continued)**

**i) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya


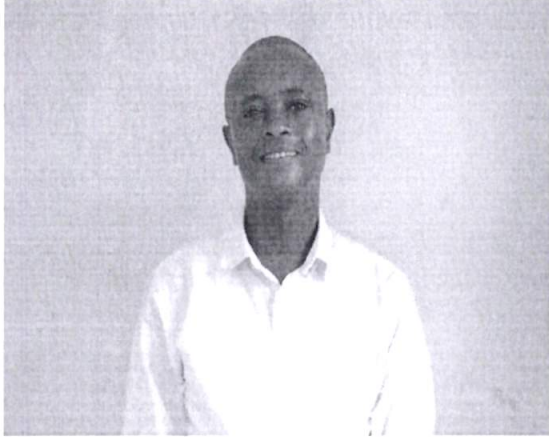
**j) Principal Legal Adviser**

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

**k) County Attorney**

The Kiambu county attorney  
Kiambu county  
P.O. Box 2344  
00900  
**Kiambu, Kenya**

**3. Fund Administration Committee**

| Name  | Details of qualifications and experience  |
|---|---|
| <p>1. Dr Patrick Njeru Nyaga</p>     | <p>Date of birth - 1974<br/>                     Academic qualifications: MMed. Surgery (University of Nairobi).<br/>                     MBChB (University of Nairobi).<br/>                     Strategic leadership programme (SLDP)-KSG<br/>                     over 22 years work experience majorly in management<br/>                     2.</p>  |
| <p>2. Dr Hillary Kagwa Gichuki</p>  | <p>Date of birth 1983<br/>                     Masters Degree of Pharmacy in Clinical Pharmacy from the University of Nairobi<br/>                     Bachelor of Pharmacy from UON<br/>                     Senior Management Course from the Kenya School of Government<br/>                     Post Graduate Diploma in Purchasing &amp; Supply from CIPS UK<br/>                     Preceptor Course in Renal Pharmacy Practice from the East African Kidney Institute<br/>                     Postgraduate diploma in the management of Diabetes and its complications<br/>                     3. 13years work experience with 5 years in managemen</p> |



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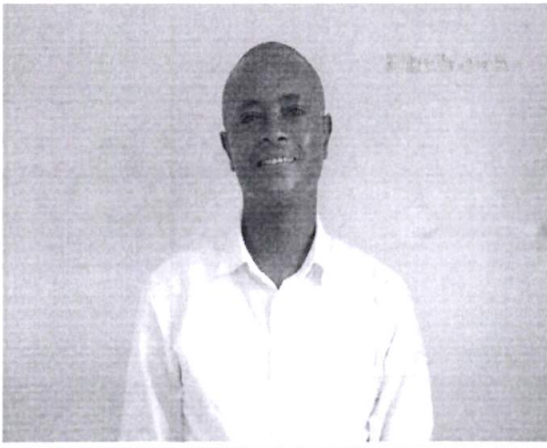

|   |  |
|---|--|
| <p>3. Stephen Musyoka Ngui</p>           | <p>Date of Birth 1967<br/>Bachelor of Arts ( Kenyatta University) - 1992<br/>Certificate Senior Management Course (SMC) -KSG -2011<br/>Certificate Strategic Leadership Development Programme (SLDP) -KSG-2014<br/>Certificate Strategic Public Procurement Seminar (KSG -Mombasa)- 2008<br/>Certificate Seminar on Rural Health care towards health officials from African countries: Shanxi Province, The People’s Republic of China -2009<br/>Certificate on Senior Management for Health Systems strengthening ( KSG NAIROBI) - 2011<br/>Certificate Financial Management course for Public Hospital Managers (KSG, Embu) - 2015<br/>Certificate Financial Management course for County Directors of Health, Finance and Planning (KSG, Nairobi)-2015<br/>Certificate on the foundations of managing healthcare business program – (Strathmore Business School, Nairobi)-2016<br/>24 years as Health Administrative Officer at busy Level 5 and 4 hospitals. -7 years as Director Planning and Administration at the CHMT.</p> <p>4.</p> |
| <p>Dr. Derrick Mukhetha</p>  <p>4.</p> | <p><b>Date of birth 1990</b></p> <p>Dr Derrick Munene is an experienced Health administrator with over 12 years’ experience. He has an undergraduate degree in Pharmacy and two graduate degrees in Health Economics and Policy and Public Health. His passion is in ensuring that Health systems respond to patients needs in a sustainable , efficient and economical way. This way we will have a very robust and resilient Health system that will contribute effectively in our collective vision of Universal Health Coverage.</p>   |

|  |  |
|--|--|
| <p>5. Dr Angeline Wekesa</p>  <p>6.</p> | <p><b>Date of birth: January 1984</b><br/> <b>Key qualifications and work experience:</b><br/>                 Medical Specialist bachelors Bachelors of medicine and Surgery<br/>                 Masters in Medicine- Obstetrics and Gynaecology (UON)<br/>                 Currently Medical superintendent Thika level 5 Hospital</p>  |
| <p>6. Dr Esther. W. Kamau</p>          | <p><b>Date of birth: 1983</b><br/>                 Academic qualifications; Post graduate diploma in global health procurement and supply chain management, Kent university-empower school of health, June 2023-ongoing;<br/>                 Masters of public health (MPH)-Health services management, Moi university 2011-2016<br/>                 Bachelors of pharmacy-university of Nairobi 2002-2006,<br/>                 Management information systems diploma diploma-nakuru computer training college and services-jan-dec 2002</p> |
| <p>7. Dr catherine Munyendo.</p>      | <p>Master of Medicine in Paediatrics M.Med(Paed)(Nairobi) 2017,<br/>                 Bachelor of Medicine and Bachelor of Surgery degree from Kenyatta University in 2010.<br/>                 Specializes in PAEDIATRICS AND CHILD HEALTH, focusing on the medical care of infants, children, and adolescents.<br/>                 Currently serving as Medical superintendent at Gatundu Level 5 Hospital overseeing general hospital operations with a key interest in optimising quality clinical service delivery</p>                     |



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**4. Management Team**

| Name  | Details of qualifications and experience   |
|---|--|
| <p>1. Dr Patrick Njeru Nyaga</p>  | <p>Date of birth – 1974<br/>           Academic qualifications: MMed. surgery (University of Nairobi). MBcHB (University of Nairobi). Strategic leadership programme (SLDP)- KSG<br/>           Health systems management (HSM)- Kenya Medical Training College (KMTC) over 21 years work experience majorly in management</p> |
| <p>2. Mr Alex Weru Nyamu</p>     | <p>Date of birth -1986<br/>           Academic qualification masters in Business administration, Bcom accounting, Cpa-K .<br/>           Over 14 years' experience in finance department</p>   |
| <p>3. Dr Hillary Kagwa Gichuki</p>  | <p>Date of birth 1983<br/>           Masters Degree of Pharmacy in Clinical Pharmacy from the University of Nairobi<br/>           Bachelor of Pharmacy from UON<br/>           Senior Management Course from the Kenya School of Government</p>   |

|   |  |
|---|--|
|                                  | <p>Post Graduate Diploma in Purchasing &amp; Supply from CIPS UK<br/>Preceptor Course in Renal Pharmacy Practice from the East African Kidney Institute<br/>Postgraduate diploma in the management of Diabetes and its complications<br/>13years work experience with 5 years in management</p>  |
| <p>4. Stephen Musyoka Ngui</p>  | <p>Date of birth – 1967<br/>Bachelor of Arts ( Kenyatta University) - 1992<br/>Certificate Senior Management Course (SMC) -KSG -2011<br/>Certificate Strategic Leadership Development Programme (SLDP) - KSG-2014<br/>Certificate Strategic Public Procurement Seminar (KSG - Mombasa)- 2008<br/>Certificate Seminar on Rural Health care towards health officials from African countries: Shanxi Province, The People’s Republic of China - 2009<br/>Certificate on Senior Management for Health Systems strengthening ( KSG NAIROBI) - 2011<br/>Certificate Financial Management course for Public Hospital Managers (KSG, Embu) - 2015<br/>Certificate Financial Management course for County Directors of Health, Finance and Planning (KSG, Nairobi)-2015<br/>Certificate on the foundations of managing healthcare business program – (Strathmore Business School, Nairobi)-2016<br/>24 years as Health Administrative Officer at busy Level 5 and 4 hospitals. -7 years as Director</p> |

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|   |   |
|---|---|
|   | <p>Planning and Administration at the CHMT.</p>   |
| <p>5. Dr. Derrick Mukhetha</p>  | <p>Date of birth 1990</p> <p>Dr Derrick Munene is an experienced Health administrator with over 12 years' experience. He has an undergraduate degree in Pharmacy and two graduate degrees in Health Economics and Policy and Public Health. His passion is in ensuring that Health systems respond to patients needs in a sustainable , efficient and economical way. This way we will have a very robust and resilient Health system that will contribute effectively in our collective vision of Universal Health Coverage.</p> |
| <p>6. Dr Angeline wekesa</p>   | <p><b>Date of birth: 1984</b><br/> <b>Key qualifications and work experience:</b><br/>         Medical Specialist bachelors<br/>         Bachelors of medicine and Surgery<br/>         Masters in Medicine- Obstetrics and Gynaecology (UON)<br/>         Currently Medical superintendent<br/>         Thika level 5 Hospital</p>   |
| <p>7. Dr Esther . W . Kamau</p>   | <p>Date of birth- 1983<br/>         Academic qualifications; Post graduate diploma in global health procurement and supply chain management, Kent university-</p>   |

|  |   |
|--|---|
|   | <p>empower school of health, June 2023-ongoing;<br/> Masters of public health (MPH)-Health services management , Moi university 2011-2016<br/> Bachelors of pharmacy-university of Nairobi 2002-2006,<br/> Management information systems diploma diploma-Nakuru computer training college and services-Jan-Dec 2002<br/> Over 16 years work experience in</p>  |
| <p>8. Dr catherine Munyendo.</p>   | <p>Date of birth- 1984<br/> Master of Medicine in Paediatrics M.Med(Paed)(Nairobi) 2017,<br/> Bachelor of Medicine and Bachelor of Surgery degree from Kenyatta University in 2010.<br/> Specializes in PAEDIATRICS AND CHILD HEALTH, focusing on the medical care of infants, children, and adolescents.<br/> Currently serving as Medical superintendent at Gatundu Level 5 Hospital overseeing general hospital operations with a key interest in optimising quality clinical service delivery</p> |
|  |   |

## **5. Fund Chairperson's Report**

- **Introduction**

The Kiambu county health services facility improvement fund, is established under the Kiambu county health services act of 2019 section 32 and in line with the public finance management act. The bill sets forth the source of funds to be used in Kiambu county hospitals. The funds are to be utilized in the purchase of drugs and commodities, to fund health facility's, administrative function, aid in the purchase, acquisition and maintenance of health care equipment, apparatus, and accessories, and other of such other items or services as may be approved by the executive member.

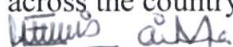
- **Changes over last year**

- In the last one year, the county health management team, with leadership from the office of the H.E Governor Kiambu county, CECM and Chief Officer Health, ensured the funds flow to hospitals on a regular basis. Emphasis has been given to sufficient supply to hospitals with minimum stock outs to ensure adequate quality of care to patients visiting Kiambu hospital facilities.
- The fund management committee was appointment with a mandate to ensure efficient implementation of the fund by providing the Executive Member with policy and strategic recommendations, guide monitoring and evaluation, provide recommendations on the budgets from the facilities, and propose investments

- **Outlook of the Fund**

- As the fund grows, facilities shall be upgraded up the KEPH ladder ensuring that high-quality services are available close to our residents. This in-turn will increase the number of residents seeking services from our facilities and thus increase the amount of funds available to improve the facilities.
- This feedback mechanism shall ensure the sustainability of the fund to ensure that the Kiambu county health department achieves it target of being a responsive, data driven, connected automated and efficient.

The fund in the concluded financial year was able to collect ksh 2,013,507,264 Ksh  
1,942,190,826 was expended as cash and supplies of equipment and commodities from the fund  
The department of health has made great strides in terms of infrastructure development since health care was devolved to the county. The FIF fund will cement this work by strengthening service delivery, commodity acquisition, research, innovation, and development. A streamlined health care system will see Kiambu county become a medical tourism haven across the country and continent.



Dr Elias Mbuthia Maina  
**CECM- Health Services Kiambu County**  
**Chairperson of the Fund**

## **6. Report of The Fund Administrator**

The Kiambu county government made a deliberate move to operationalize the Kiambu county health act 2019 by opening an FIF fund account. The Kenya constitution dictates that There shall be established a Revenue Fund for each county government, into which shall be paid all money raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament. The Kiambu county assembly in their legislative role considered to exempt FIF from being banked to County revenue account this aimed to increase efficiency in collecting, banking and use of funds collected by hospitals to enable the department of health services to achieve its vision. The aim of this is to be an efficient, effective and high quality health care system that is accessible, equitable and affordable for every person in Kiambu County. This has further been enhanced by the health act 2023 that ringfence hospital collections .

In the last financial year, the department of health services has ensured reduced delays in financing the Kiambu County funded health facilities increasing the supplier's confidence with the county hence ensuring a seamless system of supplies, hence an affordable quality health care system.

The fund main purpose was to ensure that all Kiambu county health facilities are able to provide health services to residents of Kiambu County in an efficient and timely manner by; ensuring financial stability and consistency in reimbursing FIF contributed, scaling up services in all levels of healthcare provision by equipping of various hospitals, improve health infrastructure, seamless provision of health products and technology and promotion of research and innovation.

The FIF fund has been operated by FIF guideline issued by CECM-finance Kiambu County in March 2022,

For the year ended 30<sup>th</sup> June 2025, has witnessed an increase in its collection owing to adoption of guidelines on implementation of the universal health care policy, introduction of services as per hospital level of operation, this has been enhanced through equipping hospitals.

For the financial year 2021/2022 the Kiambu county FIF fund through the fund committee resolved to equip all the level 4 and 5 hospitals with key equipment's in the laboratory to reduce referrals especially from the low volume level 4 hospitals and ensure that service delivery is close to residents. This is a continuous process which the fund is committed achieving. The fund has also been making timely reimbursements to contributing hospitals therefore ensuring efficiency in


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supplies and reduced stock outs as previously experienced. In the financial year 2024/2025, the fund has continued in its investment in hospitals by purchasing various equipments that have been distributed across the various government hospitals in the county

The department of health services is focused on ensuring that the Kiambu county residents receive quality, subsidized healthcare by ensuring economies of scale in purchasing and distribution of resources.

Monitoring and evaluation has previously not been utilized to guide the management on achieving its strategic objectives. The department of health services has embraced this organ to guide on achievements already made, mitigation measures if any that can be adopted on emerging issues as well as impact of investments made by the FIF fund .



Dr Patrick N Nyaga  
**Fund Administrator**  
**FIF Fund**

**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the fund as per the county health strategic plan 2019-2023 are:

1. Reduce morbidity and preventable deaths from infectious diseases
2. Reduce morbidity and preventable deaths from non-communicable diseases
3. Improve efficiency and quality health services and adopt healthcare innovations
4. Improve access and demand for essential and specialized health services to accelerate the achievement of Universal Health Coverage

**1)progress on attainment of the health sector strategic development objectives**

The health department is committed in the provision of a high quality healthcare system that is accessible, equitable and affordable in Kiambu County.

Below we provide the progress on attaining the stated objectives:

| <b>Program</b>           | <b>Objective</b>                               | <b>Outcome</b>      | <b>Indicator</b>          | <b>Performance</b>  |
|--------------------------|--|---------------------|---------------------------|---|
| <b>Curative services</b> | To ensure sufficient supply of health products | Quality health care | %of available commodities | During the year the fund disbursed collections to hospitals. In addition, several commodities were procured centrally |

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|  |  |   |                                    |  |
|--|--|---|------------------------------------|--|
|  | Provision of computers and other ICT equipment | Quality data output                         | % computers installed / networked  | In the year under review all level 4 and 5 hospitals were linked to the county cash collection system. Individual hospitals have continually purchased computers and ict equipments to ensure sufficient data is captured on patients records and SHA claims |
|  | Ensure availability/ expansion of services     | Reduced referral/ increased quality of care | No of hospital equipment purchased | The fund purchased Equipment for facilities in an attempt to increase revenue and  |

In the FY 2024/2025, the sector executed the implementation of the strategic objectives across the six programme as follows.

- Curative health services -Promotion of curative health services in the county
- Administration and Planning Programme - To ensure effective and efficient health service delivery
- Preventive health services- Reduction in preventable health conditions
- Reproductive health services- To provide quality reproductive and maternal child health care services
- Pharmaceutical services -To offer quality pharmaceutical care services

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- County health policy - Substantially increase health financing and the recruitment, development, training and retention of the health workforce and build the capacity of County health research and development unit

The fund in the concluded financial year was able to collect ksh **2,013,507,264**

. ksh **1,942,190,826** was expended as cash and supplies of equipment's and commodities from the fund by either transferring cash to facilities, administration expenses or payment of various supplies.

## **8. Corporate Governance Statement**

The Kiambu county FIF fund is governed by the Kiambu county health act 2019 that establishes the fund and health structures in Kiambu County. The fund as established has a principal duty of financing the Kiambu health sector hence ensuring the provision of affordable, quality health care to Kiambu county residents. Kiambu count health fund is governed by different institutions of the Kiambu county government as indicated below

The fund is regulated by Kiambu health regulations issued in march 2022 by the CECM-finance who has the authority to among others, give guidance on the operations of the fund, guide on investment of surplus , designate officers of the county government who will be running the fund, approve the opening and denationalization of any bank account held by the fund.

The CECM health is responsible for appointing the fund committee members who advise on the running of the fund as guided by the Health Services Act 2019 . The CECM health is also mandated to Appoints and gazette board members to various hospitals and approve the fund budget that is proposed by the fund committee.

The FIF fund remunerates its board appointees as per SRC issued guidelines. Fund committee members are staff of the county government hence don't receive extra remuneration for performing fund activities.

All committees appointed by the CECM -health services receive their terms of reference as guided by the Health act and other policy manuals governing the code of conduct for public officers

Three meetings were held by the fund committee in the concluded financial year. The fund administrator is responsible for appointment of accounting officers in the hospitals who would be running the fund, issuance of AIEs to hospitals, prepare financial accounts for the fund in each financial year, present the fund financial statements to the county assembly, ensure efficient management of the fund, disbursement of funds to institution's in accordance to the approved budgets, among other duties.

## **9. Management Discussion and Analysis**

The fund committee is appointed by CECM –health services has the responsibility of advising the executive member on matters related to the fund, recommend investments to the executive , recommend respective individual institution budget, evaluate performance among other duties .

The hospital boards act as link between the community and management hence the need to involve them in running the institutions. They are responsible of approving budgets for respective hospitals, provide oversight on general administration, ensure community participation and feedback platform, assess delivery of services at the hospital and advice the executive member, monitor hospital performance against set targets and advice the executive member.

At the hospital level, the fund is run through hospital executive expenditure committee that refines budgets, expenditure plans strategic and annual work plans. The hospital management committees that comprise of heads of department is responsible for establishing departments need and forward to the executive expenditure committee, day to day running of the departments, Management Discussion and Analysis

The Kiambu county government under the leadership of the executive member has ensured the development of County Integrated Development Plan (CIDP) 2023-2028, this is a guide on planning on investments, the plan sets out a standard and comprehensive approach to county planning and budgeting for effective and efficient service delivery in the period 2023-2028

This County Integrated Development Plan (2023-2028) is program based and paves the way for transparency in implementation of programs. It lays the foundation for developing a performance monitoring system with clear indicators, targets and time frame, which will create an environment for effective management and a high level of service delivery.

The county in its wish to achieve the CIDP 2018-2023 passed a legislation (the Kiambu health act 2019) that formed the basis of operationalizing the fund. The fund is run as per PFM act and any other legislation enacted in Kenya and affects public funds.

The fund therefore adopts to county government operations procedures that dictates that the fund must be run:

**From an approved budget**, the FIF fund committee is responsible for recommending fund budgets to the executive member Individual hospitals set their respective revenue and budgets which are consolidated to form the fund budget. The fund budget is integrated into the department of health services budget to form the overall health department’s budget.

Medical superintendents of individual hospitals are appointed as accounting officers of the respective hospitals. This ensures that the fund achieve its objectives by ensuring responsible officers are accountable in ensuring efficient running of institution resources and advising on investment necessary to attain quality health care.

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**Annual Report and Financial Statements for the year ended June 30, 2025**

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In the financial year 2024-2025, through request by individual health facilities, the fund committee recommended investment in all hospitals supplies and equipment's . This will greatly reduce on referrals increase efficiency and build confidence in patients on the quality of healthcare being provided by the hospitals.

In the financial year 2024/2025, there were material changes in health care financing by shifting from NHIF To SHA. A notable increase in revenue collection especially in level 2 and 3 hospitals by a margin of over 300% . The revenues reinvesting will help in upgrading of services in the hospitals.

In the current year, the individual hospitals have invested in ICT by provision of computer and other related gadgets to increase revenue monitoring and patient care. The County executive has also provided an information system applicable to all hospital with 100 % roll out in level 4 and 5 hospitals. All hospitals in Kiambu county are cashless . This will go along way to ensure revenue enhancement especially Sha claim process

## **10. Environmental and Sustainability Reporting**

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

The fund administration committee has put in place measures ensure that the fund is able to sustain its operations and grow its revenues by increasing the level of services per facility depending on individual facility need. Procurement of items is facility led where facilities are required to develop an annual budget, procurement plan and departmental needs.

### **ii) *Environmental performance***

The fund in its operation has highly recommended on key renovations of both buildings through the department of health services and equipments e.g incinerators to ensure safe environment for smooth operations .all level 4 and 5 hospitals are automated in an effort to enhance revenue, Payment is also cashless

### **iii) *Employee welfare***

The department of health services has successfully appointed hospital boards to ensure proper operations of the hospitals and community involvement. The boards are expected to be the link between the hospital management and the communities that hospitals exist in. With proper communication, the boards are expected to reduce conflict between the community and the staffs. Boards are also expected to contribute to hospital developments, political goodwill. The fund management through the executive has recommended for a provision of insurance cover to the venerable in the communities to reduce the burden of waivers borne by the hospitals. This in turn will increase on accountability and better clients satisfaction and effective policy adherence. Through better financing of health products.

### **iv) *Market place practices-***

*The fund should outline its efforts to:*

#### **a) *Responsible competition practice.***

The department of health services advertised and received bids for prequalification of suppliers who wished to work with the county organizations. Bids were evaluated and results communicated to the tenderers. All departments in the county are expected to trade with bidders identified from this process to ensure effective market practices

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

The county in order to maintain good supplier relationship has been honoring its credit policy and payment periods. Supply timelines and quality expectations are well communicated in advance to the suppliers to reduce on conflicts.

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

The county government of Kiambu has ensured that health talks are given to Kiambu residents attending health facilities. Emerging trends on quality health care are also communicated to patients. The department of health advocates on timely relaying of information to clients hence reducing conflicts and misunderstandings

***d) Product stewardship or Awareness creation***

The department of health through the various community engagements advocates and communicates to patients on their right to quality medical care. Morning health talks and community health promoters have been key to achieving universal health care. All institutions giving care to patients has a clear display declaring the institution a corruption free zone and giving patients reporting mechanisms in case of incidences.

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

The fund doesn't have corporate social responsibility directly funded . The department of health services however through the various hospital engages in community education, waivers, treating of the venerable and community contribution to social welfare through the community health volunteers.

## **11. Report of fund administration committee**

The fund administration committee submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are to Promote access to health services

- Facilitate progressive realization of the right to health within the county to the highest attainable standards of health within the county including public health, reproductive health and right to access emergency medical care
- Promote public health

Establish a framework for cooperation with the health regulatory bodies established under any other written law for purpose of assuring standard health care services

### **Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1-8

### **Trustees**

The members of the fund administration committee who served during the year are shown on page (vii-ix) The changes in the committee during the financial year are as shown below:

|    | Incoming officer      | Outgoing officer |
|----|-----------------------|------------------|
| 1  | Dr Angeline wekesa    | Dr Muthee Kamiri |
| 2. | Dr Catherine Munyendo | Dr Penina Kibuti |
| 3. | Dr Derrick Mukhetha   | Dr Penina Makau  |

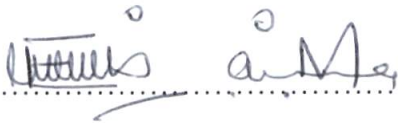
***Kiambu County Health Services Facility Improvement Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Auditors**

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

By Order of the Board



.....  
**Chair of the Board/Fund Administration Committee**

**Date:** .....  
.....

**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Administrator of a County Public Fund established by *The Kiambu Health Services act 2019* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

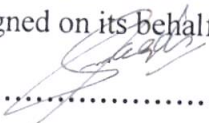
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of June 2025. This responsibility includes: (i) maintaining adequate financial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

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *The Kiambu Health Services act 2019*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the Period ended June 30th , 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund’s financial statements were approved by the Board on 16/7 2025 and signed on its behalf by:

  
.....

**DR Patrick N Nyaga**

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY HEALTH SERVICES FACILITY IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Health Services Facility Improvement Fund set out on pages 1 to 46, 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

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*Report of the Auditor-General on the Kiambu County Health Services Facility Improvement Fund for the year ended 30 June, 2025*

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 Kiambu County Health Services Facility Improvement Fund 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 Kiambu County Health Services Facility Improvement Act, 2024 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements revealed the following inconsistencies.:

#### **1.1 Statement of Financial Performance**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects transfers to hospital amount of Kshs.1,942,190,826. However, the Receiver of Revenue financial statements reflects an amount of Kshs.1,538,648,500 resulting to an unexplained variance of Kshs.403,542,326.

#### **1.2 Statement of Cash Flows**

The statement of cash flows reflects transfers to hospitals totalling Kshs.1,232,789,385 while the cashbook reflects cash transfers totalling Kshs.1,257,901,060 resulting to an unexplained variance of Kshs.25,111,675.

#### **1.3 Statement of Comparison of Budget and Actual Amounts**

- i. The statement of comparison of budget and actual amounts reflects actual amounts which differ with the amounts reflected in the statement of cash flows as detailed below;

| <b>Components</b>            | <b>Statement of Comparison of Budget and Actual (Kshs)</b> | <b>Statement of Cash Flows (Kshs.)</b> | <b>Variance (Kshs.)</b> |
|------------------------------|--|--|-------------------------|
| Transfers from Hospitals     | 2,248,479,695  | 1,422,861,378                          | 825,618,317             |
| Fund Administration Expenses | 26,618,128   | 22,976,938                             | 3,641,190               |
| General Expenses             | 205,462  | 2,135,740                              | (1,930,278)             |
| Transfers to Hospitals       | 1,942,190,826  | 1,232,789,385                          | 709,401,441             |
| <b>Total</b>                 | <b>4,217,494,111</b>                                       | <b>2,680,763,441</b>                   | <b>1,536,730,670</b>    |

Further, the statement reflects total receipts amount of Kshs.2,013,507,264 while a re-computation reveals an amount of Kshs.2,487,390,165 resulting to an unexplained variance of Kshs.473,882,901.

- ii. The statement reflects transfers from hospital final budget amount of Kshs.2,438,910,470 while re-computation across reflects an amount of Kshs.2,200,000,000 resulting to an unexplained variance of Kshs.238,910,470.
- iii. The statement reflects performance difference for total income amount of Kshs.186,492,736 while recalculated amount is Kshs.425,403,206 resulting to a variance of Kshs.238,910,470.
- iv. The statement reflects transfers from hospital performance difference amount of Kshs.186,492,736 instead of the recalculated amount of Kshs.190,430,775 resulting to a variance of Kshs.3,938,039.
- v. The statement reflects total expenditure actual on comparable basis amount of Kshs.1,965,863,985 instead of the recasted amount of Kshs.1,969,014,416 resulting to a variance of Kshs.3,150,431. Further, total expenditure percentage utilization reflects 89% instead of recalculated percentage of 81%.
- vi. The statement of comparison of budget and actual amounts reflects a surplus amount of Kshs.283,403,318 instead of the recalculated amount of Kshs.47,643,279.
- vii. The statement reflects total income final budget and actual on a comparable basis amount of Kshs.2,438,910,470 and Kshs.2,013,507,264 respectively instead of the casted downward amounts of Kshs.2,677,820,940 and Kshs.2,487,390,165.

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

## **2. Unsupported Purchases**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflect transfers to hospitals amount of Kshs.1,942,190,826 which further includes County Health Management Team support (CHMT) amount of Kshs.30,145,366 paid to various suppliers and which was not supported with a breakdown of individual transactions. In addition, the amount could not be traced in the bank statements.

In the circumstances, the accuracy and completeness of the transfers to hospitals amount of Kshs.1,942,190,826 could not be confirmed.

## **3. Inaccuracies in Trade and Other Payables**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables balance from exchange transactions balance of

Kshs.838,421,908. However, excluded in the balance is Kshs.76,517,084 in respect of 80% un-transferred SHA to hospital on the basis of received SHA collection amounting to Kshs.95,646,355. Further, un-transferred amount of Kshs.389,090,876 disclosed in the trade and other payables summary was not supported with a schedule of the breakdown of the balance.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.838,421,908 could not be confirmed.

#### **4. Inaccuracies in Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 12 to the financial statements reflects cash and cash equivalents balance of Kshs.446,100,149. However, included in the bank reconciliation statements for the month of July, 2024 and November, 2024 were bank charges of Kshs.86,100 and Kshs.140,562 which were not supported with bank statements. The bank charges were also not recorded monthly in the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.446,100,149 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.2,438,910,470 and Kshs.2,013,507,264 respectively, resulting to under-funding of Kshs.425,403,206 or 17% of the budget.

The under-collection affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

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 Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources, respectively. Review of the status during audit of the Kiambu County Health Services Facility Improvement Fund in 2024/2025 revealed that the following matters remained unresolved;

|   | Financial Year | Audit Issue  |
|---|----------------|--|
| 1 | 2023/2024      | Inaccuracies in the Financial Statements   |
| 2 | 2023/2024      | Unsupported Transactions   |
| 3 | 2023/2024      | Inaccurate Cash and Cash Equivalents   |
| 4 | 2023/2024      | Unreconciled Variances Between the Facility Improvement Fund (FIF) and Thika Level V Hospital Balances |
| 5 | 2023/2024      | Non-Compliance with Transfers to Facilities as per the 80% Threshold                                   |
| 6 | 2023/2024      | Irregular Expenditure on Launch of Universal Health Care   |
| 7 | 2023/2024      | Irregularities in Procurement Process  |
| 8 | 2023/2024      | Unutilized Medical Equipment from FIF.   |

### Other Information

The Management is responsible for the Other Information set out on pages iii to xxvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Fund Administration Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu County Health Services Facility Improvement Fund'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 no material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

## Conclusion

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

## Basis for Conclusion

### 1. Irregular Issuance of Imprest

Review of imprest surrenders provided for audit verification amounting to Kshs.7,913,008 revealed that several officers received payments for domestic travel and subsistence allowances. However, review of the supporting documents indicated that thirteen (13) officers were issued imprests amounting to Kshs.661,575 without imprest warrants. This was contrary to Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires formal application of imprest through an imprest warrant.

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

### 2. Irregular Procurement of Laboratory Reagents

Contract for the supply and delivery of laboratory reagents under quotation number CGK/CHS/RFQ/058/2024/2025 was awarded to a supplier at a contract sum of Kshs.2,005,338 on 27 March, 2025. However, review of the requisition and procurement records revealed the following anomalies;

- i. Tender opening minutes indicated that tender opening exercise was done on 6 March, 2025 while the bid documents indicated quotation closing date of 7 March, 2025.
- ii. The procurement plan and vote book provided for confirmation of the method of procurement and the availability of funds related to the Department of Health, an indication that the Fund did not prepare its own procurement plan yet the Fund is self-reporting and maintains bank account in commercial bank for receipts and payments.
- iii. Evaluation criteria number 3 required the bidder to attach financial statements for the last three (3) years. However, the winning bidder did not attach the financial statements, yet was awarded full score of 20 marks. This was contrary to Section 80(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the evaluation and comparison shall be done using the procedures and criteria set out in the tender documents.

In the circumstances, the propriety and value for money for the expenditure amount of Kshs.2,005,338 could not be confirmed. In addition, Management was in breach of the law.

### **3. Irregular Supply and Delivery of Non-Pharmaceuticals**

**3.1** Contract for supply and delivery of pharmaceuticals was awarded through contract number CGK/CHS/FWA/006/2021/2023 signed on 15 April, 2021. Review of procurement and payment records revealed that a copy of the requisition of Kshs.12,001,764 dated 5 April, 2024 was provided as support document. However, there was no memo for approval of local purchase order No. 4292558 for items of Kshs.1,048,000 which was issued without contract reference number and the date. Further, it was established that the framework agreement was for period 2021 to 2023, with an extension of one year lapsing on 1 April, 2024. However, the requisition was made on 5 April, 2024 after the lapse of the contract period. In addition, 100 elastic skin adhesive porous 7.5cm\* 4.5cm of Kshs.100,000 was requisitioned and invoiced, however, there was no evidence that it was delivered and received in store. In addition, minutes for inspection and acceptance committee meeting did not contain the list of goods inspected and accepted and there was no evidence that inspection and acceptance committee members were appointed by the Accounting Officer.

**3.2** Contract for supply and delivery of pharmaceuticals was awarded through contract number CGK/CHS/FWA/006/2021/2023 signed on 15 April, 2021. Review of procurement and payment records revealed that a copy of requisition of Kshs.12,001,764 dated 5 April, 2024 was attached. However, there was no memo for approval of local purchase order No. 4292562 for items of Kshs.212,100 which was issued without contract reference number and the date. Further, it was established that the framework agreement was for the period 2021 to 2023, with an extension of one year lapsing on 1 April, 2024. However, the requisition was made on 5 April, 2024 after the lapse of the contract period.

**3.3** Contract for supply and delivery of pharmaceuticals was awarded through contract number CGK/CHS/FWA/006/2021/2023 signed on 15 April, 2021. Review of procurement and payment records revealed that a copy of requisition of Kshs.12,001,764 dated 5 April, 2024 was attached. However, there was no memo for approval of local purchase order No. 4292559 for items of Kshs.192,000 and which was issued without contract reference number and date. Further, it was established that the framework agreement was for the period 2021 to 2023, with an extension of one year lapsing on 1 April, 2024. However, the requisition was made on 5 April, 2024 after the lapse of the contract period. This was contrary to Section 135(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to enter into a written contract with the person submitting the successful tender based on the tender documents and any clarifications that emanate from the procurement proceedings.

In the circumstances, the propriety and value for money for the expenditure could not be confirmed. In addition, Management was in breach of the law.

#### **4. Irregular Direct Procurement for Supply and Delivery of Pharmaceuticals**

Review of payment and procurement records provided for audit revealed that a payment amounting to Kshs.52,693,856 was made to Kenya Medical Supplies Authority (KEMSA) on 10 June, 2025 through Local Purchase Orders (LPO) No. 3966045 of an amount of Kshs.51,165,420, LPO No. 3966047 of an amount of Kshs.5,886,751 and LPO No. 3966048 of an amount of Kshs.278,080. However, the Accounting Officer did not issue tender documents to the supplier as a basis of negotiation. Further, minutes for evaluation of the tender and recommendation, contract agreement for the supply of pharmaceuticals and report to the Authority for application of direct procurement of supply for pharmaceuticals were not provided for audit.

In the circumstances, the propriety and value for money for the expenditure amount of Kshs.52,693,856 could not be confirmed.

#### **5. Irregular Provision of Catering Services**

Review of payment for provision of catering services of Kshs.1,050,000 of contract no. CGK/FRM/FEP/002/2024/2026 awarded to a supplier revealed that requisition letter Ref. KCG/DPHS/VOL.1/010 dated 17 November, 2024 requested for support of 2948 CHPs during a meeting scheduled for 10 December, 2024 at County Headquarters. However, an invoice of 2100 persons was paid with no evidence of approval for payment of the participants.

Further, review of procurement of the service provider revealed the following anomalies;

- i. Opening Committee members were not appointed by the Accounting Officer.
- ii. Professional opinion dated 1 October, 2024 indicated that financial evaluation was done. However, it was not included in the evaluation report.
- iii. The supplier was notified of the award on 2 October, 2024. However, it was not possible to confirm how the supplier was selected from the ten (10) successful bidders.
- iv. The local service order No. 2061749 issued was not specific on the number of CHPs attending the meeting. Therefore, it was not possible to confirm the number of participants since the copies of attendance sheets provided as support documents were dated 3 May, 2025 and 5 May, 2025, which were not within the dates of the meeting.

In the circumstances, the propriety and value for money for the expenditure amount of Kshs.1,050,000 could not be confirmed.

#### **6. Supply and Delivery of Non-Pharmaceuticals**

Contract for supply and delivery of non-pharmaceuticals of Kshs.10,058,327 was awarded to a supplier through local purchase order No. 4292597 dated 12 March, 2025. However, bid documents, minutes of tender opening and evidence of evaluation of bidders were not provided for audit review. In addition, there was no evidence of contract agreement signed between the supplier and the County of Kiambu.

In the circumstances, the propriety and value for money for the expenditure amount of Kshs.10,058,327 could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of the Management and the Fund Committee**

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

In preparing the financial statements, Management is responsible for assessing the Fund'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.

The Fund Committee is responsible for overseeing the Fund'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 also 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**

**10 December, 2025**

**Kiambu County Health services facility improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

| Description                                   | Note | June 2025            | June 2024            |
|---|------|----------------------|----------------------|
|   |      | Kshs                 | Kshs                 |
| <b>Revenue From Non-Exchange Transactions</b> |      |                      |                      |
| Public Contributions and Donations            | 1    | 0                    | 0                    |
| Transfers From the County Government          | 2    | 0                    | 0                    |
| Transfer from hospitals                       | 3    | <b>2,013,507,264</b> | 1,237,688,895        |
|   |      |                      |                      |
| <b>Revenue From Exchange Transactions</b>     |      | <b>2,013,507,264</b> | 1,237,688,895        |
| Interest Income                               | 4    | 0                    | 0                    |
| Other Income                                  | 5    | 0                    | 0                    |
|   |      | <b>0</b>             | <b>0</b>             |
| <b>Total Revenue</b>                          |      | <b>2,013,507,264</b> | <b>1,237,688,895</b> |
|   |      |                      |                      |
| <b>Expenses</b>                               |      |                      |                      |
| Employee Costs                                | 6    | 0                    | 0                    |
| Use of goods and services                     | 7    | 25,317,240           | 32,464,603           |
| Depreciation and Amortization Expense         | 8    | 1,506,350            | 0                    |
| transfer to hospitals                         | 9    | 1,942,190,826        | 1,173,927,944        |
| <b>Total Expenses</b>                         |      | <b>1,969,014,416</b> | <b>1,206,392,547</b> |
| <b>Other Gains/Losses</b>                     |      |                      |                      |
| Gain/Loss on Disposal of Assets               | 15   | 0                    | 0                    |
| Gain /Loss on fair value of investments       | 16   | 0                    | 0                    |
| <b>Surplus/(Deficit) for the Period</b>       |      | <b>44,492,848</b>    | <b>31,296,348</b>    |

*(The notes set out on pages 9 to 38 form an integral part of these Financial Statements)*

.....  
**Name: Dr Patrick N Nyaga**  
**Administrator of the Fund**

.....  
**Name: Alex weru**  
**Fund Accountant**  
**ICPAK Member Number: 20970**

*Kiambu County Health Services Facility Improvement Fund*  
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**15. Statement of Financial Position As at 30 June 2025**


| Description  | Note | June 2025            | June 2024           |
|--|------|----------------------|---------------------|
|  |      | Kshs                 | Kshs                |
| <b>Assets</b>  |      |                      |                     |
| <b>Current Assets</b>  |      |                      |                     |
| Cash and Cash Equivalents  | 12   | 446,100,149          | 238,910,470.90      |
| Current Portion of Long- Term Receivables from Exchange Transactions | 13   | 622,154,886          | 46,270,890          |
| Prepayments  | 14   | 0                    | 0                   |
| Inventories  | 15   | 0                    | 0                   |
| Investments in financial assets                                      | 16   | 0                    | 0                   |
| <b>Total current assets</b>  |      | <b>1,069,506,418</b> | <b>285,181,360</b>  |
| <b>Non-Current Assets</b>  |      |                      |                     |
| Property, Plant and Equipment  | 17   | 4,519,051            | 6,025,401.00        |
| Intangible Assets  | 18   | 0                    | 0                   |
| Long Term Receivables from Exchange Transactions                     | 13   | 0                    | 0                   |
| Investment Property  | 19   | 0                    | 0                   |
| <b>Total non- current assets</b>                                     |      | <b>4,519,051</b>     | <b>6,025,401.00</b> |
| <b>Total Assets (A)</b>  |      | <b>1,074,025,469</b> | <b>291,206,761</b>  |
| <b>Liabilities</b>   |      |                      |                     |
| <b>Current Liabilities</b>   |      |                      |                     |
| Trade and Other Payables from Exchange Transactions                  | 20   | 838,421,908          | 101,347,432         |
| Current Provisions   | 21   | 0                    | 0                   |
| Current Portion of Borrowings  | 22   | 0                    | 0                   |
| Employee Benefit Obligations   | 23   | 0                    | 0                   |
| Social benefit liabilities   | 24   | 0                    | 0                   |
| <b>Total current liabilities</b>                                     |      | <b>838,421,908</b>   | <b>101,347,432</b>  |
| <b>Non-Current Liabilities</b>                                       |      |                      |                     |
| Non-Current Provisions   |      | 0                    | 0                   |
| Long Term Portion of Borrowings                                      |      | 0                    | 0                   |

**Kiambu County Health Services Facility Improvement Fund**  
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| Description                             | Note | June 2025          | June 2024          |
|---|------|--------------------|--------------------|
|   |      | Kshs               | Kshs               |
| Non-Current Employee Benefit Obligation |      | 0                  | 0                  |
| Social benefit liabilities              | 24   | 0                  | 0                  |
|   |      |                    |                    |
| <b>Total Liabilities (B)</b>            |      | <b>838,421,908</b> | <b>101,347,432</b> |
|   |      |                    |                    |
| <b>Net Assets (A-B)</b>                 |      | <b>234,352,178</b> | <b>189,859,329</b> |
|   |      |                    |                    |
| <b>Represented By:</b>                  |      |                    |                    |
| Revolving Fund                          |      | 0                  | 0                  |
| Reserves                                |      | 0                  | 0                  |
| Accumulated Surplus                     |      | <b>234,352,178</b> | <b>189,859,329</b> |
| <b>Net Assets</b>                       |      | <b>234,352,178</b> | <b>189,859,329</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 18/7 2025 and signed by:

  
 .....  
**Name: Dr Patrick N Nyaga**  
**Administrator of the Fund**

  
 .....  
**Name: Alex weru**  
**Fund Accountant**  
**ICPAK Member Number:20970**

*Kiambu County Health services facility improvement Fund*  
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**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

| Description                       | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total              |
|-----------------------------------|----------------|---------------------|---------------------|--------------------|
|                                   |                | Kshs                | Kshs                | Kshs               |
|                                   |                |                     |                     |                    |
| <b>Balance As At 1 July 2023</b>  |                | 0                   | 158,562,982         | <b>158,562,982</b> |
| Surplus/(Deficit) For the Period  | 0              | 0                   | 31,296,348          | <b>31,296,348</b>  |
| Funds Received During the Year    | 0              | 0                   | 0                   | <b>0</b>           |
| Transfers                         | 0              | 0                   | 0                   | <b>0</b>           |
| Revaluation Gain                  | 0              | 0                   | 0                   | <b>0</b>           |
| <b>Balance As At 30 June 2024</b> | <b>0</b>       | -                   | 189,859,330         | <b>189,859,330</b> |
|                                   |                |                     |                     |                    |
| <b>Balance As At 1 July 2024</b>  | <b>0</b>       | <b>0</b>            | 189,859,330         | <b>189,859,330</b> |
| Surplus/(Deficit) For the Period  | 0              | 0                   | 44,492,848          | <b>44,492,848</b>  |
| Funds Received During the Year    |                | 0                   | 0                   | <b>0</b>           |
| Transfers                         | 0              | 0                   | 0                   | <b>0</b>           |
| Revaluation Gain                  | 0              | 0                   | 0                   | <b>0</b>           |
| <b>Balance As At 30 June 2025</b> | <b>0</b>       | <b>0</b>            | <b>234,352,178</b>  | <b>234,352,178</b> |

*Kiambu County Health Services Facility Improvement Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

| Description  | Code | Period ended         |                      |
|--|------|----------------------|----------------------|
|  |      | June 2025            | June 2024            |
|  |      | Kshs                 | Kshs                 |
| <b>Cash flows from operating activities</b>                  |      |                      |                      |
| <b>Receipts</b>  |      |                      |                      |
| Public contributions and donations                           | 1    | 0                    | 0                    |
| Transfers from the county government                         | 2    | 0                    | 0                    |
| Transfer from hospitals                                      | 3    | 1,422,861,378        | 1,213,403,335        |
| Receipts from other operating activities(end year balances)  |      | <b>42,434,926.50</b> | 71,721,070           |
| <b>Total receipts</b>  |      | <b>1,465,296,303</b> | <b>1,285,124,405</b> |
| <b>Payments</b>  |      |                      |                      |
| Fund administration expenses                                 | 7    | 22,976,038.00        | 19,126,905           |
| General expenses   | 7    | 2,135,740            | 13,337,698           |
| Transfer to hospitals  | 9    | 1,232,789,385.00     | 1,140,710,289.00     |
| Bank Charges   | 7    | 205,462.00           | 0                    |
| Other payments   |      |                      |                      |
| <b>Total payments</b>  |      | <b>1,258,106,625</b> | <b>1,173,174,892</b> |
| <b>Net cashflows from operating activities</b>               |      | <b>207,189,678</b>   | <b>111,949,513</b>   |
| <b>Cash flows from investing activities</b>                  |      |                      |                      |
| Purchase of property, plant, equipment and Intangible assets |      | 0                    | 0                    |
| Proceeds from sale of property, plant & equipment            |      | 0                    | 0                    |
| Proceeds from loan principal repayments                      |      | 0                    | 0                    |
| Loan disbursements paid out                                  |      | 0                    | 0                    |
| <b>Net cash flows used in investing activities</b>           |      |                      | <b>-6,025,401</b>    |
| <b>Cash flows from financing activities</b>                  |      |                      |                      |

**Kiambu County Health Services Facility Improvement Fund**  
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|   |  |                    |                    |
|---|--|--------------------|--------------------|
| Proceeds from revolving fund receipts                         |  | 0                  | 0                  |
| Additional borrowings   |  | 0                  | 0                  |
| Repayment of borrowings                                       |  |                    |                    |
| <b>Net cash flows used in financing activities</b>            |  | <b>0</b>           | <b>0</b>           |
| <b>Net increase/(decrease) in cash &amp; cash Equivalents</b> |  | <b>207,189,678</b> | <b>105,924,112</b> |
| Cash and cash equivalents at the beginning of the period      |  | 238,910,471        | 132,986,359        |
| <b>Cash and cash equivalents at the end of the period</b>     |  | <b>446,100,149</b> | <b>238,910,471</b> |

*(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)*

*Kiambu County Health services facility improvement Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025**

| Description                                      | Original budget      | Adjustments        | Final budget         | Actual on comparable basis | Performance difference | % Utilisation |
|--|----------------------|--------------------|----------------------|----------------------------|------------------------|---------------|
|  | Kshs                 | Kshs               | Kshs                 | Kshs                       | Kshs                   |               |
|  | A                    | b                  | c=(a+b)              | D                          | e=(c-d)                | f=d/c*100     |
| <b>Budget carryovers from the previous year*</b> |                      | 238,910,470        | 238,910,470          | 238,910,470                | 0                      |               |
| <b>Receipts</b>                                  |                      |                    |                      | 0                          | 0                      |               |
| Public Contributions and Donations               | 0                    | 0                  | 0                    | 0                          | 0                      | 0%            |
| Transfers From County Govt.                      |                      | 0                  | 0                    |                            | 0                      | 0             |
| Transfer from hospital                           | <b>2,200,000,000</b> | 0                  | 2,438,910,470        | 2,248,479,695              | 186,492,736            | 92%           |
| Other Income                                     | 0                    | 0                  | 0                    | 0                          | 0                      | 0%            |
| <b>Total Income</b>                              | <b>2,200,000,000</b> | <b>238,910,470</b> | <b>2,438,910,470</b> | <b>2,013,507,264</b>       | <b>186,492,736</b>     | <b>92%</b>    |
| <b>Expenses</b>                                  |                      |                    |                      |                            | 0                      | 0%            |
| Fund Administration Expenses                     | 66,000,000           | 0                  | 66,000,000           | 26,618,128                 | 39,381,872             | 40%           |
| General Expenses                                 | 374,000,000          | 0                  | 374,000,000          | 205,462                    | 373,794,538            | 1%            |
| Transfer to hospitals                            | 1,760,000,000        | <b>238,910,470</b> | 1,998,910,470        | 1,942,190,826              | 56,719,644             | 97%           |
| <b>Total Expenditure</b>                         | <b>2,200,000,000</b> | <b>238,910,470</b> | <b>2,438,910,470</b> | <b>1,965,863,985</b>       | <b>469,896,054</b>     | <b>89%</b>    |

**Kiambu County Health Services Facility Improvement Fund**  
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|                               |          |          |          |                    |                    |          |
|-------------------------------|----------|----------|----------|--------------------|--------------------|----------|
| <b>Surplus For the Period</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>283,403,318</b> | <b>283,403,318</b> |          |
|                               |          |          |          |                    |                    |          |
| <b>Capital expenditure</b>    | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>           | <b>0</b>           | <b>0</b> |

**Budget notes**

1. Hospital budgets were not fully met hence low absorption rate of the budgeted amount
2. There were no changes between the original and final budget

**Budget Reconciliation**

|   | Description of Particulars  | Amount in Kshs   |
|---|---|------------------|
|   | Actual Surplus Amounts as per the statement of Budget               | 283,403,318      |
| 1 | current year creditors not paid                                     | 838,421,908.34   |
| 2 | Prior year creditors paid   | (101,449,506.40) |
| 3 | Debtors paid  | 42,434,927       |
| 4 | depreciation  | 1,506,350        |
| 5 | current year receivables  | (618,216,847.60) |
| 7 | Closing Cash and Cash Equivalent as per the statement of Cash flows | 446,100,149      |

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Kiambu county FIF Fund entity is established by and derives its authority and accountability from Kiambu Health Act 2019. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya.

**2. Statement of compliance and basis of preparation**

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

*(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

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

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

| <b>Standard</b>  | <b>Effective date and impact:</b>  |
|--|--|
| IPSAS 43:<br>Leases                                      | <i>Applicable 1<sup>st</sup> January 2025</i><br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.<br><i>This standard will not have any effect to the Kiambu Health services FIF .The fund has no applicable lease and doesn't intend to lease in the coming year.</i> |
| IPSAS 44:<br>Non- Current<br>Assets Held for<br>Sale and | <i>Applicable 1<sup>st</sup> January 2025</i><br>The Standard requires,  |

**Kiambu County Health Facility Improvement Fund  
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|   |   |
|---|---|
| Discontinued Operations                   | <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><b><i>This standard may not affect the fund . this is because all activities carried out by the fund focus on the betterment of health facilities which are separate reporting units.</i></b></p>  |
| IPSAS 45:<br>Property Plant and Equipment | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 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>This standard may not affect the fund . this is because all activities carried out by the fund focus on the betterment of health facilities which are separate reporting units.</p> |
| IPSAS 46:<br>Measurement                  | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>This standard is expected to actively quantify actual values of the fund investments</i></b></p>  |
| IPSAS 47:<br>Revenue                      | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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</p>   |

**Kiambu County Health Facility Improvement Fund  
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|   |   |
|---|---|
|   | <p>for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>This standard will affect the funds reporting as a revenue collecting agent in Kiambu county.</i></b></p>  |
| IPSAS 48:<br>Transfer<br>Expenses                                       | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial 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.</p> <p><b><i>This standard will affect Kiambu FIF fund on reporting for transfer expenses as the fund transfers to various health facilities</i></b></p>  |
| IPSAS 49:<br>Retirement<br>Benefit Plans                                | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>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.</p> <p><b><i>This standard will not affect the fund as the fund doesn't have a retirement plan</i></b></p>   |
| IPSAS 50:<br>Exploration For<br>& Evaluation of<br>Mineral<br>Resources | <p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><b><i>The standard will not affect the fund as the fund is not in exploration activities</i></b></p> |

**(i) Early adoption of standards**

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

**Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2025 was approved by the County Assembly on 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund didn't record any additional appropriations on the FY 2025 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**Summary of Significant Accounting Policies (Continued)**

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 cash flows has been presented.

**c) 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.

**a) 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.

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *investment property is measured at fair value with gains and losses recognised through surplus or deficit* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Summary of Significant Accounting Policies (Continued)**

**c) 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 Company'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 amortized 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.

**Summary of Significant Accounting Policies (Continued)**

**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 8*

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**d) 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 of 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 of cost and 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.

**e) 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.

**f) 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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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.

**Summary of Significant Accounting Policies (Continued)**

**g) 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.

**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.

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *So far there are no reserves created by Kiambu county fif fund*

**i) 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.

**j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Summary of Significant Accounting Policies (Continued)**

**k) 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.

**l) 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.

**m) Related parties**

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

**n) 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.

**o) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**4. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made e.g.

**a) 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.

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 8.

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.

**Kiambu County Health Facility Improvement Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**Notes To the Financial Statements Continued**

**1. 1.Public contributions and donations**

| Description                        | June 2025 | June 2024 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| Donation From Development Partners | 0         | 0         |
| Contributions From the Public      | 0         | 0         |
| <b>Total</b>                       | <b>0</b>  | <b>0</b>  |

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

| Description                                | June 2025 | June 2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| Transfers From County Govt. –Operations    | 0         | 0         |
| Payments By County On Behalf Of The Entity | 0         | 0         |
| Unconditional Development grants           | 0         | 0         |
| <b>Total</b>                               | <b>0</b>  | <b>0</b>  |

**3. Transfer from hospitals**

| Description                 | Period ended June 2025 | comparative period June 2024 |
|-----------------------------|------------------------|------------------------------|
|                             | Kshs                   | Kshs                         |
| Thika level 5 hospital      | 639,177,711.00         | 458,548,768.50               |
| Kiamsbu level 5 hospital    | 427,585,282.66         | 299,963,634.50               |
| Gatundu level 5 hospital    | 211,504,376.00         | 170,656,416.50               |
| Ruiru level 4 hospital      | 136,897,069.56         | 63,041,193.50                |
| Igegania level 4 hospital   | 40,264,635.00          | 18,943,407.50                |
| Kihara level 4 hospital     | 35,262,218.67          | 20,782,549.50                |
| Karuri level 4 hospital     | 21,217,831.00          | 8,647,195.50                 |
| Tigoni level4 hospital      | 132,205,373.56         | 65,135,715.50                |
| Wangige level 4 hospital    | 49,168,733.29          | 15,383,166.00                |
| Nyathuna level 4 hospital   | 2,562,522.00           | 1,978,269.50                 |
| Lussigatte level 4 hospital | 24,044,042.61          | 7,472,555.50                 |
| Lari level 4 hospital       | 15,613,632.00          | 12,508,424.50                |
| Kigumo level 4 hospital     | 19,676,688.98          | 5,022,652.50                 |

**Kiambu County Health Facility Improvement Fund**  
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|                |                         |                      |
|----------------|-------------------------|----------------------|
| Karatu level 4 | 3,442,852.00            | 2,002,307.00         |
| Kiambu afya    | 65,556,965.00           | 21,627,650.00        |
| Uhc            | 6,512,850.00            | 11,442,880.00        |
| Level 2&3      | 182,814,480.50          | 54,532,109.00        |
| <b>Total</b>   | <b>2,013,507,263.83</b> | <b>1,237,688,895</b> |

**4. Interest income**

| Description  | June 2025 | June 2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| Interest Income from Mortgage Loans                  | 0         | 0         |
| Interest Income From Car Loans                       | 0         | 0         |
| Interest Income From Investments in financial assets | 0         | 0         |
| Interest Income On Bank Deposits                     | 0         | 0         |
| <b>Total Interest Income</b>                         | <b>0</b>  | <b>0</b>  |

**5. Other income**

| Description                          | June 2025 | June 2024 |
|--------------------------------------|-----------|-----------|
|                                      | Kshs      | Kshs      |
| Insurance Recoveries                 | 0         | 0         |
| Income from Sale of Tender Documents | 0         | 0         |
| Bad debts recovered                  | 0         | 0         |
| Miscellaneous Income                 | 0         | 0         |
| <b>Total Other Income</b>            | <b>0</b>  | <b>0</b>  |

**6. Employee Costs**

| Description                  | June 2025 | June 2024 |
|------------------------------|-----------|-----------|
|                              | Kshs      | Kshs      |
| Salaries And Wages           | 0         | 0         |
| Staff Gratuity               | 0         | 0         |
| Staff Training Expenses      | 0         | 0         |
| Social Security Contribution | 0         | 0         |
| Other ( <i>Specify</i> )     | 0         | 0         |
| <b>Total</b>                 | <b>0</b>  | <b>0</b>  |

**Kiambu County Health Facility Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**7. Use of Goods and Services**

| Description                             | Period ended<br>June 2025 | comparative period June<br>2024 |
|---|---------------------------|---------------------------------|
|   | Kshs.                     | Kshs.                           |
| General Office Expenses                 |                           | 11,051,473.00                   |
| Loan Processing Costs                   | -                         | 0                               |
| Professional Services Costs             | -                         | 0                               |
| Administration Fees                     | 22,976,038.00             | 19,126,905.00                   |
| Committee Allowances                    | 2,135,740.00              | 2,286,225.00                    |
| Electricity And Water Expenses          |                           |                                 |
| Fuel And Oil Costs                      | -                         | 0                               |
| Insurance Costs                         | -                         | 0                               |
| Postage And Courier                     | -                         | 0                               |
| Printing And Stationery                 | -                         | 0                               |
| Rental Costs                            | -                         | 0                               |
| Security Costs                          | -                         | 0                               |
| Telephone And Communication<br>Expenses | -                         | 0                               |
| Bank Charges                            | 205,462.0                 | 0                               |
| Audit Fees                              | -                         | 0                               |
| Provision For Doubtful Debts            | -                         | 0                               |
| Other ( <i>Specify</i> )                | -                         | 0                               |
| <b>Total</b>                            | <b>25,317,240</b>         | <b>32,464,603</b>               |

**8. Depreciation and Amortization Expenses**

| Description                  | June 2025 | June 2024 |
|------------------------------|-----------|-----------|
|                              | Kshs.     | Kshs.     |
| Property Plant and Equipment | 1,506,350 | 0         |

**Kiambu County Health Facility Improvement Fund**  
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|                   |                  |          |
|-------------------|------------------|----------|
| Intangible Assets | 0                | 0        |
| <b>Total</b>      | <b>1,506,350</b> | <b>0</b> |

**9. Transfer to hospitals**

| Description                 | Period ended June 2025 | comparative period June 2024 |
|-----------------------------|------------------------|------------------------------|
|                             | Kshs                   | Kshs                         |
| Thika level 5 hospital      | 511,342,168.80         | 366,839,014.80               |
| Kiambu level 5 hospital     | 342,068,226.13         | 239,970,907.60               |
| Gatundu level 5 hospital    | 169,203,500.80         | 136,525,133.20               |
| Ruiru level 4 hospital      | 109,517,655.65         | 50,432,954.80                |
| Igegania level 4 hospital   | 32,211,708.00          | 15,154,726.00                |
| Kihara level 4 hospital     | 28,209,774.94          | 16,626,039.60                |
| Karuri level 4 hospital     | 16,974,264.80          | 6,917,756.40                 |
| Tigoni level4 hospital      | 105,764,298.85         | 52,108,572.40                |
| Wangige level 4 hospital    | 39,334,986.63          | 12,306,532.80                |
| Nyathuna level 4 hospital   | 2,050,017.60           | 1,582,615.60                 |
| Lussigatte level 4 hospital | 19,235,234.09          | 5,978,044.40                 |
| Lari level 4 hospital       | 12,490,905.60          | 10,006,739.60                |
| Kigumo level 4 hospital     | 15,741,351.18          | 4,018,122.00                 |
| Karatu level 4              | 2,754,281.60           | 1,601,845.60                 |
| Level 2&3                   | 146,251,584.40         | 43,625,687.20                |
| Cash support                | 41,358,435.00          |                              |
| CHMT support                | 30,145,366.00          | 14,962,415.00                |
| Goods purchased             | 317,537,066.00         | 195,270,837.40               |
| <b>Total</b>                | <b>1,942,190,826</b>   | <b>1,173,927,944</b>         |

**Kiambu County Health Facility Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**10. Gain/(loss) on disposal of assets**

| Description                   | June 2025 | June 2024 |
|-------------------------------|-----------|-----------|
|                               | Kshs      | Kshs      |
| Property, Plant and Equipment | 0         | 0         |
| Intangible Assets             | 0         | 0         |
| <b>Total</b>                  | 0         | 0         |

**11. Gain/ (loss) on Fair Value Investments**

| Description                                   | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| Investments at Fair Value- Equity investments | 0         | 0         |
| Fair value – Investment property              | 0         | 0         |
| Fair value- other financial assets (specify)  | 0         | 0         |
| <b>Total Gain</b>                             | 0         | 0         |

**12. Cash and cash equivalents**

| Description                            | Period ended June 2025 | Prior period audited june 2024 |
|--|------------------------|--------------------------------|
|  | Kshs                   | Kshs                           |
| Kiambu County Fif bank account         | 446,100,149.00         | 238,910,470.90                 |
| Fixed Deposits Account                 | -                      | 0                              |
| On – Call Deposits                     | -                      | 0                              |
| Current Account                        | -                      | 0                              |
| Others ( <i>Specify</i> )              | -                      | 0                              |
| <b>Total Cash And Cash Equivalents</b> | <b>446,100,149.00</b>  | <b>238,910,471</b>             |

**Kiambu County Health Facility Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Detailed analysis of the cash and cash equivalents are as follows:

|                                     |                   | Period ended Dec<br>30 2024 | Prior Year<br>Audited June<br>2024 |
|-------------------------------------|-------------------|-----------------------------|------------------------------------|
| Financial Institution               | Account<br>number | Kshs                        | Kshs                               |
| <b>a) a) Fixed Deposits Account</b> |                   |                             |                                    |
| Kenya Commercial Bank               |                   | 0                           | 0                                  |
| Equity Bank, Etc.                   |                   | 0                           | 0                                  |
| <b>Sub- Total</b>                   |                   | <b>0</b>                    | <b>0</b>                           |
| <b>b) b) On - Call Deposits</b>     |                   |                             |                                    |
| Kenya Commercial Bank               |                   | 0                           | 0                                  |
| Equity Bank - Etc.                  |                   | 0                           | 0                                  |
| <b>Sub- Total</b>                   |                   | <b>0</b>                    | <b>0</b>                           |
| <b>c) c) Current Account</b>        |                   |                             |                                    |
| Family Bank                         | 0050000727<br>12  | 446,100,149.00              | 238,910,470.9<br>0                 |
| <b>Sub- Total</b>                   |                   | <b>446,100,149</b>          | <b>238,910,471</b>                 |
| <b>d) Others(Specify)</b>           |                   |                             |                                    |
| <b>d) Cash In Transit</b>           |                   |                             |                                    |
| Cash In Hand                        |                   | 0                           | 0                                  |
| <b>Sub- Total</b>                   |                   | <b>0</b>                    | <b>0</b>                           |
| <b>Grand Total</b>                  |                   | <b>446,100,149</b>          | <b>238,910,471</b>                 |

**13. Receivables from exchange transactions**

| Description                      | Period ended<br>June 2025 | Prior Year<br>Audited June 2024 |
|----------------------------------|---------------------------|---------------------------------|
|                                  | Kshs                      | Kshs                            |
| <b>Current Receivables</b>       |                           |                                 |
| Interest Receivable              | 0                         | 0                               |
| Current Loan Repayments Due      | 0                         | 0                               |
| Other Exchange Debtors           | 622,154,886               | <b>46,270,890</b>               |
| Less: Impairment Allowance       | 0                         | 0                               |
| <b>Total Current Receivables</b> | <b>622,154,886</b>        | <b>46,270,890</b>               |
| <b>Non-Current Receivables</b>   |                           |                                 |
| Long Term Loan Repayments Due    | 0                         | 0                               |

**Kiambu County Health Facility Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|   |             |            |
|---|-------------|------------|
| <b>Total Non- Current Receivables</b>               | 0           | 0          |
| <b>Total Receivables From Exchange Transactions</b> | 622,154,886 | 46,270,890 |

**Additional disclosure on receivables**

| <b>Description</b>          | <b>Period ended Dec 31 2024</b> | <b>Prior Year Audited June 2024</b> |
|-----------------------------|---------------------------------|-------------------------------------|
|                             | <b>Kshs</b>                     | <b>Kshs</b>                         |
| Thika level 5 hospital      | 1,516,642.00                    | 2,561,004.00                        |
| Kiambu level 5 hospital     | 9,528,588.00                    | 1,438,596.00                        |
| Gatundu level 5 hospital    | 4,437,300.00                    | 5,277,970.00                        |
| Ruiru level 4 hospital      | 2,006,244.00                    | 1,325,624.00                        |
| Igegania level 4 hospital   | 3,127,862.00                    | 23,810.00                           |
| Kihara level 4 hospital     | 4,038,966.00                    | 2,706,274.00                        |
| Karuri level 4 hospital     | 3,979,895.00                    | 203,094.00                          |
| Tigoni level 4 hospital     | 7,277,108.00                    | 15,485.00                           |
| Wangige level 4 hospital    | 4,232,185.20                    | 1,566,106.50                        |
| Nyathuna level 4 hospital   | 75,869.00                       | 7,926.00                            |
| Lussigatte level 4 hospital | 1,444,901.00                    | 32,364.00                           |
| Lari level 4 hospital       | 1,086,363.00                    | 314,300.00                          |
| Kigumo level 4 hospital     | 2,578,033.00                    | 62,694.00                           |
| Karatu level 4              | 309,851.00                      | 265,768.00                          |
| Level 2 and 3               | 71,049,009.85                   | 10,679,910.00                       |
| Level 2 and 3 chmt Meds     | 1,806,195.22                    | 0                                   |
| Mpesa                       | 2,712,095.00                    | 2,712,095                           |
| Chmt                        | 26,089,014.78                   | 17,077,869.00                       |
| <b>SHA HIF receivables</b>  | 474,858,764.05                  | 0                                   |
| <b>Total</b>                | <b>622,154,886</b>              | <b>46,270,890</b>                   |

**14. Prepayments**

| <b>Description</b>        | <b>June 2025</b> | <b>June 2024</b> |
|---------------------------|------------------|------------------|
|                           | <b>Kshs</b>      | <b>Kshs</b>      |
| Prepaid Rent              | 0                | 0                |
| Prepaid Insurance         | 0                | 0                |
| Prepaid Electricity Costs | 0                | 0                |

**Kiambu County Health Facility Improvement Fund  
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|                                      |   |   |
|--------------------------------------|---|---|
| Other Prepayments ( <i>Specify</i> ) | 0 | 0 |
| <b>Total</b>                         | 0 | 0 |

**15. Inventories**

| Description                          | June 2025 | June 2024 |
|--------------------------------------|-----------|-----------|
|                                      | Kshs      | Kshs      |
| Consumable Stores                    | 0         | 0         |
| Spare Parts And Meters               | 0         | 0         |
| Catering                             | 0         | 0         |
| Other Inventories ( <i>Specify</i> ) | 0         | 0         |
| <b>Total Inventories</b>             | 0         | 0         |

Detailed disclosure on inventories

|                                  | June 2025 | June 2024 |
|----------------------------------|-----------|-----------|
| Opening balance                  | 0         | 0         |
| Additional Inventory in the year | 0         | 0         |
| Inventory expensed in the year   | 0         | 0         |
| Write-downs in the year          | 0         | 0         |
| Others specify                   | 0         | 0         |
| Closing balance                  | 0         | 0         |

**16. Investments in financial assets**

| Description   | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| <b>a. Investment in Treasury bills and bonds</b>        |           |           |
| Financial institution                                   |           |           |
| CBK   | 0         | 0         |
| CBK   | 0         | 0         |
| Sub- total  | 0         | 0         |
| <b>b. Investment with Financial Institutions/ Banks</b> | 0         | 0         |
| Bank x  | 0         | 0         |
| Bank y  | 0         | 0         |
| Sub- total  | 0         | 0         |
| <b>c. Equity investments (specify)</b>                  | 0         | 0         |
| Equity/ shares in Entity                                | 0         | 0         |
| Sub- total  | 0         | 0         |
| <b>Grand total</b>                                      | 0         | 0         |

**Kiambu County Health Facility Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Movement of Equity Investments**

| Impairment allowance/ provision                                     | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| At the beginning of the year  | 0         | 0         |
| Purchase of investments in the year                                 | 0         | 0         |
| Sale of investments during the year                                 | 0         | 0         |
| Gain/(loss) in fair value of investments through surplus or deficit | 0         | 0         |
| <b>At the end of the year</b>                                       | 0         | 0         |

**e) Shareholding in other entities**

*For investments in equity share listed above, list down the equity investments under the following categories:*

| Name of Entity where investment is held | No of shares        |                       |                        | Nominal value of shares | Fair value of shares | Fair value of shares |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|----------------------|
|   | Direct shareholding | Indirect shareholding | Effective shareholding |                         | Current year         | Prior year           |
|   | %                   | %                     | %                      | Kshs                    | Kshs                 | Kshs                 |
| Entity A                                | 0                   | 0                     | 0                      | 0                       | 0                    | 0                    |
| Entity B                                | 0                   | 0                     | 0                      | 0                       | 0                    | 0                    |
| Entity C                                | 0                   | 0                     | 0                      | 0                       | 0                    | 0                    |
|   | 0                   | 0                     | 0                      | 0                       | 0                    | 0                    |

*Kiambu County Health Facility Improvement Fund*

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**17. Property, plant, and equipment**

| Cost  | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total        |
|---|--------------------|----------------|------------------------|--------------------------------|--------------|
|   | Kshs               | Kshs           | Kshs                   | Kshs                           | Kshs         |
| <b>As at the beginning of the Previous Period (July 2023)</b> | 0                  | 0              | 0                      | 0                              | <b>0</b>     |
| Additions   | 0                  | 6,025,401.00   | 0                      | 0                              | 6,025,401.00 |
| Disposals   | 0                  | 0              | 0                      | 0                              | 0            |
| Transfers/Adjustments   | 0                  | 0              | 0                      | 0                              | 0            |
| <b>As at the end of the Previous Period (June 2024)</b>       | 0                  | 6,025,401.00   | 0                      | 0                              | 6,025,401.00 |
| <b>At the beginning of the Current Period (July 2024)</b>     | 0                  | 6,025,401.00   | 0                      | 0                              | 6,025,401.00 |
| Additions   | 0                  | 0              | 0                      | 0                              | 0            |
| Disposals   | 0                  | 0              | 0                      | 0                              | 0            |
| Transfer/Adjustments  | 0                  | 0              | 0                      | 0                              | 0            |
| <b>As at the end of the Current Period ( June 2025)</b>       | <b>0</b>           | 6,025,401.00   | 0                      | 0                              | 6,025,401.00 |
| <b>Depreciation And Impairment</b>                            | 0                  | 0              | 0                      | 0                              | 0            |
| <b>As at the beginning of the Previous Period (July 2023)</b> | 0                  | 0              | 0                      | 0                              | 0            |
| Depreciation  | 0                  | 0              | 0                      | 0                              | 0            |
| Impairment  | 0                  | 0              | 0                      | 0                              | 0            |

**Kiambu County Health Facility Improvement Fund**

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| Cost   | Land and Buildings | Motor vehicles   | Furniture and fittings | Computers and office equipment | Total            |
|--|--------------------|------------------|------------------------|--------------------------------|------------------|
|  | Kshs               | Kshs             | Kshs                   | Kshs                           | Kshs             |
| <b>As at the end of the Previous Period (June 2024)</b>      | 0                  | 0                | 0                      | 0                              | 0                |
| <b>As at the beginning of the Current Period ( July2024)</b> |                    | 6,025,401.00     |                        |                                | 6,025,401.00     |
| Depreciation   | 0                  | 1,506,350        | 0                      | 0                              | 1,506,350        |
| Disposals  | 0                  | 0                | 0                      | 0                              | 0                |
| Impairment   | 0                  | 0                | 0                      | 0                              | 0                |
| Transfer/Adjustment  | 0                  | 0                | 0                      | 0                              | 0                |
| <b>As at the end of the Current Period( June 2025)</b>       | 0                  | 1,506,350        | 0                      | 0                              | 1,506,350        |
| <b>Net Book Values</b>                                       |                    | <b>4,519,051</b> |                        |                                | <b>4,519,051</b> |
| <b>As at the end of the Previous Period</b>                  | 0                  | 6,025,401.00     | 0                      | 0                              | 6,025,401.00     |
| <b>As at the end of the Current Period</b>                   | 0                  | <b>4,519,051</b> | 0                      | 0                              | <b>4,519,051</b> |

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**18. Intangible assets**

| Description                        | June 2025 | June 2024 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| <b>Cost</b>                        |           |           |
| <b>At Beginning of The Year</b>    | 0         | 0         |
| Additions                          | 0         | 0         |
| <b>At End of The Year</b>          | 0         | 0         |
| <b>Amortization And Impairment</b> |           |           |
| <b>At Beginning of The Year</b>    | 0         | 0         |
| Amortization                       | 0         | 0         |
| <b>At End of The Year</b>          | 0         | 0         |
| Impairment Loss                    | 0         | 0         |
| <b>At End of The Year</b>          | 0         | 0         |
| <b>NBV</b>                         | 0         | 0         |

**19. Investment Property**

| Description  | June 2025 | June 2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| <b>At beginning of the year</b>                      | 0         | 0         |
| Additions  | 0         | 0         |
| Disposal during the year                             | 0         | 0         |
| Depreciation   | 0         | 0         |
| Impairment   | 0         | 0         |
| Gain/(loss) in fair value (if fair value is elected) | 0         | 0         |
| <b>At end of the year</b>                            | 0         | 0         |

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**20. Trade and other payables from exchange transactions**

| Description                                       | Period ended June 2025 | Prior Year Audited June 2024 |                       |                       |
|---|------------------------|------------------------------|-----------------------|-----------------------|
|   | S Kshs                 | Kshs                         |                       |                       |
| Trade Payables                                    | 838,421,908            | 101,347,432                  |                       |                       |
| Refundable Deposits                               | 0                      | 0                            |                       |                       |
| Accrued Expenses                                  | 0                      | 0                            |                       |                       |
| Other Payables                                    | 0                      | 0                            |                       |                       |
| <b>Total Trade And Other Payables</b>             | <b>838,421,908</b>     | <b>101,347,432</b>           |                       |                       |
|   |                        |                              |                       |                       |
| <b>Ageing analysis (Trade and other payables)</b> | <b>Current FY</b>      | <b>% of the Total</b>        | <b>Comparative FY</b> | <b>% of the Total</b> |
| Under one year                                    | 838,421,908            | 100%                         | 101,347,432           | 100%                  |
| 1-2 years   | 0                      | %                            | 0                     | %                     |
| 2-3 years   | 0                      | %                            | 0                     | %                     |
| Over 3 years                                      | 0                      | %                            | 0                     | %                     |
| <b>Total (tie to above total)</b>                 | <b>838,421,908</b>     |                              | <b>101,347,432</b>    |                       |
|   |                        |                              |                       |                       |

**Additional disclosure on Payables**

| Facility Name               | June 2025      | June 2024    |
|-----------------------------|----------------|--------------|
| Thika level 5 hospital      | 110,917,644.00 | 2,048,803.20 |
| Kiambu level 5 hospital     | 64,896,096.98  | 1,150,876.80 |
| Gatundu level 5 hospital    | 35,461,320.00  | 4,222,376.00 |
| Ruiru level 4 hospital      | 20,068,083.95  | 1,060,499.20 |
| Igegania level 4 hospital   | 5,582,773.80   | 33,756.00    |
| Kihara level 4 hospital     | 6,962,544.80   | 913,653.60   |
| Karuri level 4 hospital     | 6,607,925.00   | 154,919.20   |
| Tigoni level4 hospital      | 26,903,035.60  | 18,552.00    |
| Wangige level 4 hospital    | 5,963,451.28   | 1,252,885.20 |
| Nyathuna level 4 hospital   | 502,946.20     | 5,996.80     |
| Lussigatte level 4 hospital | 4,803,161.60   | 12,571.20    |

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|                         |               |               |
|-------------------------|---------------|---------------|
| Lari level 4 hospital   | 1,865,680.00  | 251,444.00    |
| Kigumo level 4 hospital | 3,170,646.38  | 47,369.60     |
| Karatu level 4          | 854,695.00    | 215,744.00    |
| Sha unfunded            | 379,887,011   | 0             |
| Level 2 and 3 hospitals | 98,136,876.30 | 8,050,577.60  |
| LAVAROCK INVESTMENT     | 1,800,000     | 2,654,700.00  |
| BRIGHTON PHARMACY       | 2,372,900     | 2,455,800.00  |
| BARKPHARM LTD           | 2,430,000     | 1,435,600.00  |
| SPETARIAN SUNSTONE      | 2,120,000     | 2,445,840.00  |
| SPETARIAN SUNSTONE      |               | 2,652,000.00  |
| CROWN HEALTH            | 1,850,172     | 2,571,750.00  |
| BRIGHTON PHARMACY       | 2,260,000     | 31,390,400.00 |
| CROWN HEALTH            |               | 36,301,318.00 |
| HORIZON PMM LTD         | 1,470,000     | 0             |
| MILTOPHARMA             | 1,686,000     | 0             |
| MILTOPHARMA             | 2,809,880     | 0             |
| BRIGHTON PHARMACY       | 2,350,000     | 0             |
| BRIGHTON PHARMACY       | 2,166,488     | 0             |
| LAVAROCK INVESTMENT     | 2,334,822     | 0             |
| LAVAROCK                | 2,912,560     | 0             |
| TANTALUM                | 2,982,450     | 0             |
| SPETARIAN               | 1,915,716     | 0             |
| BRIGHTON PHARMACY       | 1,960,000     | 0             |
| SPETARIAN               | 2,670,000     | 0             |
| LAVAROCK                | 2,510,000     | 0             |

**Kiambu County FIF Fund****Annual Report and Financial Statements for the year ended June 30, 2025**

|                              |              |                |
|------------------------------|--------------|----------------|
| HEWA TELE LIMITED            | 1,389,300.00 | 0              |
| MILOPHARMA                   | 1,071,000    | 0              |
| TANTALUM FL LIMITED          | 2,795,000    | 0              |
| PERSIMMON LIMITED            | 1,200,000    | 0              |
| PERSIMMON LIMITED            | 2,492,380    | 0              |
| MILTOPHARMA                  | 2,995,000    | 0              |
| LAVAROCK INVESTMENT          | 1,850,000    | 0              |
| PETELITE PERIDOT COMPANY LTD | 1,990,000    | 0              |
| TANTALUM FL LIMITED          | 2,997,000    | 0              |
| TRANBIZ ENTERPRISES LTD      | 1,656,248.00 | 0              |
| VANCLEEF                     | 2,301,101    | 0              |
| MILTOPHARMA                  | 2,500,000    | 0              |
| TOTAL                        | 838,421,908  | 101,347,432.40 |

**21. Provisions**

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|-------------|-----------------|--------------------|-----------------|-------|
|             | Kshs            | Kshs               | Kshs            | Kshs  |

22. Borrowings

| Description   | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| <b>Balance At Beginning of The Period</b>           | <b>0</b>  | <b>0</b>  |
| External Borrowings During the Year                 | 0         | 0         |
| Domestic Borrowings During the Year                 | 0         | 0         |
| Repayments of External Borrowings During the Period | (0)       | (0)       |
| Repayments of Domestic Borrowings During the Period | (0)       | (0)       |
| <b>Balance At End of The Period</b>                 | <b>0</b>  | <b>0</b>  |

The table below shows the classification of borrowings into external and domestic borrowings:

| Description   | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| <b>External Borrowings</b>                            |           |           |
| Dollar Denominated Loan From 'X Organization'         | 0         | 0         |
| Sterling Pound Denominated Loan From 'Y Organization' | 0         | 0         |
| Euro Denominated Loan from Z Organization'            | 0         | 0         |
| <b>Domestic Borrowings</b>                            | <b>0</b>  | <b>0</b>  |
| Kenya Shilling Loan From KCB                          | 0         | 0         |
| Kenya Shilling Loan from Barclays Bank                | 0         | 0         |
| Kenya Shilling Loan from Consolidated Bank            | 0         | 0         |
| Borrowings From Other Government Institutions         | 0         | 0         |
| <b>Total Balance at End of The Year</b>               | <b>0</b>  | <b>0</b>  |

The table below shows the classification of borrowings long-term and current borrowings:

| Description                             | June 2025 | June 2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| Short Term Borrowings (Current Portion) | 0         | 0         |
| Long Term Borrowings                    | 0         | 0         |
| <b>Total</b>                            | <b>0</b>  | <b>0</b>  |

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

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|   |          |          |          |          |
|---|----------|----------|----------|----------|
| <b>Balance b/f</b>                              | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| Additional provisions                           | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| Provision utilised                              | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| Change due to discount and time value for money | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| <b>Total provisions year end</b>                | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| Current Provisions                              | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| Non-Current Provisions                          | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

**23. Employee benefit obligations**

| Description                    | Defined benefit plan | Post employment medical benefits | Other Provisions | June 2025 | June 2024 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
|                                | Kshs                 | Kshs                             | Kshs             | Kshs      | Kshs      |
| Current Benefit Obligation     | 0                    | 0                                | 0                | 0         | 0         |
| Non-Current Benefit Obligation | 0                    | 0                                | 0                | 0         | 0         |
| <b>Total</b>                   | 0                    | 0                                | 0                | 0         | 0         |

**24. Social Benefit Liabilities**

| Description                            | June 2025 | June 2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| Health social benefit scheme           | 0         | 0         |
| Unemployment social benefit scheme     | 0         | 0         |
| Orphaned and vulnerable benefit scheme | 0         | 0         |
| Elderly social benefit scheme          | 0         | 0         |
| Bursary social benefits                | 0         | 0         |
| <b>Total</b>                           | 0         | 0         |
|  | 0         | 0         |
| Current social benefits                | 0         | 0         |
| Non- current social benefits           | 0         | 0         |
| <b>Total (tie to totals above)</b>     | 0         | 0         |

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

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25. Cash generated from operations.

| Description   | Period ended June 2025 | Comparative<br>Period June 2024 |
|---|------------------------|---------------------------------|
|   | Kshs                   | Kshs                            |
| <b>Surplus/ (Deficit) For the period Before Tax</b> | <b>44,492,848</b>      | 31,296,348                      |
| <b>Adjusted For:</b>                                |                        |                                 |
| Depreciation  | 1,506,350              | 0                               |
| Amortisation  | 0                      | 0                               |
| Gains/ Losses On Disposal Of Assets                 | 0                      | 0                               |
| Interest Income                                     |                        |                                 |
| Finance Cost  | 0                      | 0                               |
| <b>Working Capital Adjustments</b>                  |                        |                                 |
| Increase In Inventory                               | 0                      |                                 |
| Increase In Receivables                             | (575,883,996.10)       | -6,168,673.50                   |
| Increase In Payables                                | 737,074,476.34         | 86,821,838.80                   |
| <b>Net Cash Flow From Operating Activities</b>      | <b>207,189,679</b>     | <b>111,949,513</b>              |

## 26. Related party balances

### a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

### b) Related party transactions

| Description                     | June 2025     | June 2024     |
|---------------------------------|---------------|---------------|
|                                 | Kshs          | Kshs          |
| Transfers From Related Parties' | 2,013,507,264 | 1,237,688,895 |
| Transfers To Related Parties    | 1,942,190,826 | 1,173,927,944 |

### c) Key management remuneration

| Description                 | June 2025 | June 2024 |
|-----------------------------|-----------|-----------|
|                             | Kshs      | Kshs      |
| Board Of Trustees           | 0         | 0         |
| Key Management Compensation | 0         | 0         |
| <b>Total</b>                | 0         | 0         |

### d) Due from related parties

| Description                | Insert Current FY | Insert Comparative FY |
|----------------------------|-------------------|-----------------------|
|                            | Kshs              | Kshs                  |
| Due From hospitals         | 622,154,886       | 46,270,890            |
| Due From County Government | 0                 | 0                     |
| <b>Total</b>               | 622,154,886       | 46,270,890            |

**Other Disclosures Continued**

**e) Due to related parties**

| Description                     | June 2025          | June 2024         |
|---------------------------------|--------------------|-------------------|
|                                 | Kshs               | Kshs              |
| Due To Hospitals                | 772,583,891        | 19,440,024        |
| Due To County Government        | 0                  | 0                 |
| Due To Key Management Personnel | 0                  | 0                 |
| <b>Total</b>                    | <b>772,583,891</b> | <b>19,440,024</b> |

**27. Contingent assets and contingent liabilities**

| Contingent Liabilities      | June 2025 | June 2024 |
|-----------------------------|-----------|-----------|
|                             | Kshs      | Kshs      |
| Court Case Against the Fund | 0         | 0         |
| Bank Guarantees             | 0         | 0         |
| <b>Total</b>                | <b>0</b>  | <b>0</b>  |

## 28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

### a) Credit risk

The Fund 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 entity'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<br>Kshs | Fully performing<br>Kshs | Past due<br>Kshs | Impaired<br>Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| <b>At 30 June 2025</b>                     |                      |                          |                  |                  |
| Receivables From Exchange Transactions     | 622,154,886          | 622,154,886              | 0                | 0                |
| Receivables From Non-Exchange Transactions | 0                    | 0                        | 0                | 0                |
| Bank Balances                              | 446,100,149          | 446,100,149              | 0                | 0                |
| <b>Total</b>                               | <b>1,068,255,035</b> | <b>1,068,255,035</b>     | <b>0</b>         | <b>0</b>         |
| <b>At 30 June 2024</b>                     |                      |                          | 0                | 0                |
| Receivables From Exchange Transactions     | 46,270,890           | 46,270,890               | 0                | 0                |
| Receivables From Non-Exchange Transactions | 0                    | 0                        | 0                | 0                |
| Bank Balances                              | 238,910,470.90       | 238,910,470.90           | 0                | 0                |
| <b>Total</b>                               | <b>285,181,360</b>   | <b>285,181,360</b>       | <b>0</b>         | <b>0</b>         |

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from Hospitals

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

#### **b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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               |
| <b>At 30 June 2025</b>        |                    |                    |               |                    |
| Trade Payables                | 838,421,908        | 0                  | 0             | 838,421,908        |
| Current Portion Of Borrowings | 0                  | 0                  | 0             | 0                  |
| Provisions                    | 0                  | 0                  | 0             | 0                  |
| Employee Benefit Obligation   | 0                  | 0                  | 0             | 0                  |
| <b>Total</b>                  | <b>838,421,908</b> | <b>0</b>           | <b>0</b>      | <b>838,421,908</b> |
| <b>At 30 June 24</b>          |                    | 0                  |               |                    |
| Trade Payables                | 101,347,432        | 0                  | 0             | 101,347,432        |
| Current Portion Of Borrowings | 0                  | 0                  | 0             | 0                  |
| Provisions                    | 0                  | 0                  | 0             | 0                  |
| Employee Benefit Obligation   | 0                  | 0                  | 0             | 0                  |
| <b>Total</b>                  | <b>101,347,432</b> | <b>0</b>           | <b>0</b>      | <b>101,347,432</b> |

#### **c) Market risk**

The board 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 Fund'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 manner in which it manages and measures the risk.

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Description                                   |      | Other currencies | Total |
|---|------|------------------|-------|
|   | Kshs | Kshs             | Kshs  |
| <b>At 30 June 2025</b>                        |      |                  |       |
| Financial Assets                              | 0    | 0                | 0     |
| Investments                                   | 0    | 0                | 0     |
| Cash  | 0    | 0                | 0     |
| Debtors/ Receivables                          | 0    | 0                | 0     |
| <b>Liabilities</b>                            | 0    | 0                | 0     |
| Trade And Other Payables                      | 0    | 0                | 0     |
| Borrowings                                    | 0    | 0                | 0     |
| <b>Net Foreign Currency Asset/(Liability)</b> | 0    | 0                | 0     |

*The Fund manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**Foreign currency sensitivity analysis**

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

| Description             | Change in<br>currency rate | Effect on surplus/<br>deficit | Effect on<br>equity |
|-------------------------|----------------------------|-------------------------------|---------------------|
|                         | Kshs                       | Kshs                          | Kshs                |
| <b>(Current FY)</b>     |                            |                               |                     |
| Euro                    | 10%                        | 0                             | 0                   |
| USD                     | 10%                        | 0                             | 0                   |
| <b>(Comparative FY)</b> |                            | 0                             | 0                   |
| Euro                    | 10%                        | 0                             | 0                   |
| USD                     | 10%                        | 0                             | 0                   |

## ii. Interest rate risk

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

### *Management of interest rate risk*

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

### *Sensitivity analysis*

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2025: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs0 (2025 – Kshs 0).

**d) Capital risk management.**

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

| Description                                 | June 2025          | June 2024          |
|---|--------------------|--------------------|
|   | Kshs               | Kshs               |
| Revaluation reserve                         | 0                  | 0                  |
| Revolving fund                              | 0                  | 0                  |
| Accumulated surplus                         | <b>234,352,178</b> | <b>189,859,330</b> |
| <b>Total funds</b>                          | <b>234,352,178</b> | <b>189,859,330</b> |
| Total borrowings                            | (838,421,908)      | (101,347,432)      |
| Less: cash and bank balances                | 446,100,149        | 238,910,471        |
| Net debt/(excess cash and cash equivalents) | (-157,969,581)     | 137,563,039        |
| <b>Gearing</b>                              | <b>-23%</b>        | <b>72%</b>         |

**5. Events after the reporting period**

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

**6. Ultimate and Holding Entity**

The entity is a County Public Fund established by Health act 2019 Act under the Ministry of Health. Its ultimate parent is the County Government of Kiambu.

**7. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| 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) |
|--|---------------------------------------|--|---|--|
| 1  | In accuracies in financial statement  | PASB recommends cash flow preparation on cash basis while revenue is on accrual basis. Revenue in cash and accrual cannot be same            | Resolved. ( financial statement with a reconciliation forwarded ) | immediate  |
| 2  | Unsupported transaction               | Ksh 11,442,880 not supported by requisition. Fund doesn't requisition for transfers  | resolved  | immediate  |
| 3  | in accurate cash and cash equivalente | Unrepresented cheques emanating from transfer to hospitals as per bank reconciliation. The same cleared in the subsequent month of July 2024 | Resolved  | immediate  |
| 4  | Unexplained trade payables increase   | Trade payables increase as a result of pending bills from purchase of equipments where by end of June the supplier had not issued invoices   | resolved  | immediate  |
|  |                                       |  |   |  |

Accounting Officer Kiambu county Facility improvement fund)

Date.....

*Kiambu County FIF Fund*

**Annual Report and Financial Statements for the year ended June 30, 2025**


**Annex II: Inter-Fund Confirmation Letter**

*Kiambu county FIF fund*

The *Kiambu county facility improvement fund* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Kiambu County health services FIF as at 30 <sup>th</sup> June 2025 |                                  |   |                 |                       |                   |   |                              |
|--|----------------------------------|---|-----------------|-----------------------|-------------------|---|------------------------------|
| Reference Number   | Various as per schedule attached | Amounts Disbursed by Fund (Kshs) as at 30 <sup>th</sup> June 2025 |                 |                       |                   | Amount Received by Kiambu county FIF fund (KShs) as at 30 <sup>th</sup> June 2025 (E) | Differences (KShs) (F)=(D-E) |
|  |                                  | Recurrent (A)   | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) |   |                              |
| Thika Level 5  |                                  | 280,965,006.80  | 0               | 0                     | 280,965,006.80    | 474,032,814.00  | 193,067,807.20               |
| Kiambu Level 5   |                                  | 197,761,654.74  | 0               | 0                     | 197,761,654.74    | 370,688,216.66  | 172,926,561.92               |
| Gatundu Level 5  |                                  | 94,512,890.00   | 0               | 0                     | 94,512,890.00     | 154,048,007.00  | 59,535,117.00                |
| Ruiru Level 4  |                                  | 65,662,978.08   | 0               | 0                     | 65,662,978.08     | 101,196,646.04  | 35,533,667.96                |
| IGEGANIA   |                                  | 19,251,705.20   | 0               | 0                     | 19,251,705.20     | 27,089,798.00   | 7,838,092.80                 |
| Kihara Level   |                                  | 17,707,283.40   | 0               | 0                     | 17,707,283.40     | 26,054,015.00   | 8,346,731.60                 |
| Karuri Level 4 Hospital  |                                  | 10,085,601.00   | 0               | 0                     | 10,085,601.00     | 15,232,830  | 5,147,229                    |

**Kiambu County FIF Fund  
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|   |   |                       |   |   |                       |                         |                       |
|---|---|-----------------------|---|---|-----------------------|-------------------------|-----------------------|
| TIGONI Level  |   | 48,832,815.60         | 0 | 0 | 48,832,815.60         | 82,826,796.00           | 33,993,980.40         |
| Wangige Level 4 Hospital  |   | 24,982,833.40         | 0 | 0 | 24,982,833.40         | 31,282,551.40           | 6,299,718.00          |
| Nyathuna Level 4  |   | 1,680,728.20          | 0 | 0 | 1,680,728.20          | 2,430,404.00            | 749,675.80            |
| Lusigetti Level 4 Hospital  |   | 8,720,581.60          | 0 | 0 | 8,720,581.60          | 15,453,928.00           | 6,733,346.40          |
| LARI Level 4  |   | 8,606,627.60          | 0 | 0 | 8,606,627.60          | 11,214,994.00           | 2,608,366.40          |
| Kigumo Level 4  |   | 4,573,426.00          | 0 | 0 | 4,573,426.00          | 6,579,231.98            | 2,005,805.98          |
| KARATU LEVEL 4  |   | 1,855,109.00          | 0 | 0 | 1,855,109.00          | 2,603,227.00            | 748,118.00            |
| level 2 and 3   |   | 54,255,830.40         | 0 | 0 | 54,255,830.40         | 127,484,975.65          | 73,178,890            |
| Chmt transfer   |   |                       |   |   |                       | 17,077,869.00           | 0                     |
| <b>Total</b>  |   | <b>839,455,071.02</b> |   |   | <b>839,455,071.02</b> | <b>1,465,296,303.73</b> | <b>625,841,232.71</b> |
| In confirm that the amounts shown above are correct as of the date indicated.<br><b>Head of Accountants department of FIF Fund:</b> | <b>Name : Alex weru</b><br><b>Sign</b> <br><b>Date</b> 18/7 |                       |   |   |                       |                         |                       |
|   |   |                       |   |   |                       |                         |                       |

*Kiambu County FIF Fund*

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**Annex III: Reporting of Climate Relevant Expenditures**

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

*Kiambu County FIF Fund*

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**Annex IV: Reporting on Disaster Management Expenditure**

| Column I  | Column II     | Column III    | Column IV  | Column V         | Column VI      | Column VII |
|-----------|---------------|---------------|--|------------------|----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments   |
|           |               |               |  |                  |                |            |
|           |               |               |  |                  |                |            |
|           |               |               |  |                  |                |            |
|           |               |               |  |                  |                |            |