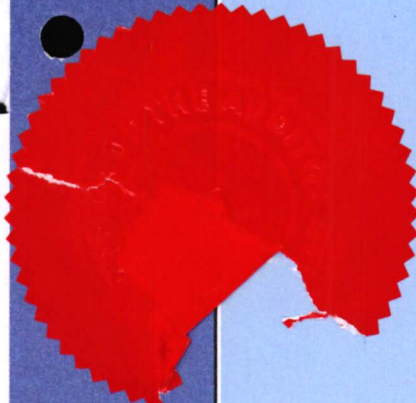


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

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WANGIGE LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KIAMBU

10/10/10

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



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**WANGIGE LEVEL 4 HOSPITAL  
(COUNTY GOVERNMENT OF KIAMBU)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 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 & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
HAO	Hospital Administrative Officer
NSM	Nursing Service Manager
KAM	Kenya Associations of Manufacture
MOPC	Medical Outpatient Clinic
POPC	Paediatric Outpatient Clinic
GOPC	Gynaecology Outpatient Clinic
TB	Tuberculosis
CCC	Comprehensive Care Centre
OSHA	Occupational Safety Health Administration
ENT	Ear Nose Throat
IMCI	Integrated Management of Childhood Illness
CWC	Child Welfare Clinic
PMTCT	Prevention of Mother to Child Transmission

**2. Key Entity Information and Management**

**(a) Background information**

Wangige Hospital is a level 4 hospital established under gazette notice number 3616 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity mandate of the hospital is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

**Vision**

An efficient effective and high quality health care system that is accessible 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.

**Core objective**

Preventive and promote health services  
 Curative and rehabilitative health service

**(c) Key Management**

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

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial period ended JUNE 30, 2025 and who had direct fiduciary responsibility were:

SN	Designation	Name
1.	Medical Superintendent	Dr. Derrick Munene
2.	Head of finance	John Kamau
3.	Head of supply chain	Eunice Ndonga
4.	Administrative officer	Caroline Gichuki
5.	Nursing service manager	Pauline Njeri Kananu

(c) **Fiduciary Oversight Arrangements**

1. **Human Resource Committee:** - Comprises Med Supt, Hospital Administrative Officer, Nurse Service Manager, Laboratory Technician, Pharmacist, and Accountant. This team is responsible for Reviewing, continuously assessing and planning the human resource component of the hospital.
2. **Procurement Committee:** - Comprises of Medical Superintendent, Hospital Administrative Officer, Nurse Service Manager, Procurement Officer and Accountant responsible for procurement processes in the hospital.
3. **Quality improvement team:** - Comprises of Pharmacist, Laboratory Technician, Nurse Service Manager, Procurement and Hospital Administrative Officer. This committee is in charge of ensuring the hospital offers high standards of quality on each front.
4. **Advisory Committee:** - Comprises of Medical Superintendent, Hospital Administrative Officer, Nurse Service Manager, This Committee is in charge of staff training, staff appraisal or sanctioning staff according to Performance.
5. **Data Review Committee:** - Comprises of Hospital Record Information Officer, Medical Superintendent, Pharmacist, and Laboratory Technician. This committee is in charge of ensuring data presented is accurate Verifiable and presented in a timely manner
6. **Infection prevention Control Committee:** - Comprises Public health officer, Hospital Administrative Officer, Nurse Service Manager, Pharmacist, and Laboratory Technician. In charge of ensuring the health safety of staff and patients with regards to the environment.
7. **Medicine and therapeutic committee:** - in charge of audit of drugs reaction and advice the acquisition of Essential drugs

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

**(f) Entity Headquarters**

P.O. Box 178-00127  
Kitsuru Road  
Kabete, Kenya

**(g) Entity Contacts**

Telephone: (+254) 748293903  
E-mail: wangigehospital@gmail.com  
Website: www.kiambu.go.ke

**(h) Entity Bankers**

Family Bank Kenya (Wangige branch)  
Kenya Commercial Banks (kikuyu branch)  
Co-op bank Kenya

**(i) Independent Auditors**

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

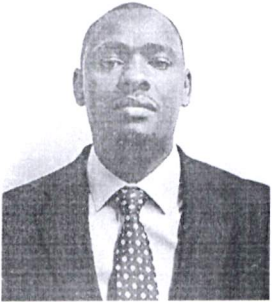



**(j) Principal Legal Adviser**

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



**(k) County Attorney**

P.O. Box. 2344-0900  
Kiambu, Kenya

### 3. The Board of Management

Ref	Directors	Details
1.	 <p>Samuel Njathi Njuguna Chairman to the board</p>	<p>Born in 1988, Samuel Njathi is an Advocate of the High Court. Samuel Njathi holds a Bachelor of law-2011-2014 Mount Kenya University.</p>
2.	 <p>Arthur W Mungai</p>	<p>Born in 1950, Mr Arthur is a Health Social Care Administrator Services. Mr Arthur holds Advance Diploma in Health Social Care &amp; Administration -2006-2008 DIIT College, Barking- Essex UK</p>
3.	 <p>John Mungai Wamaina</p>	<p>Born in 1950, Mr John Mungai is Administrator of Rafiki Children Home under Rafiki AIDS Ministry. Mr John Mungai is also sale and marketing. Mr John Mungai holds diploma sale and marketing- Griffins College</p>
4.	 <p>Lucy Wakanyi Karanja</p>	<p>Born in 1977, Mrs Lucy Wakanyi is Community worker with ACK St Luke's King'cero Church where she engages in community outreach programs and initiatives.</p>



*Wangige Level 4 Hospital (Kiambu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

5.	 <p>Dr. Derrick Munene Muketha- Bachelor of Pharmacy, MSc Health Economic and Policy, Master in Public Health</p>	<p>Medical Superintendent Work Experience-11 Years Responsibilities: Management of the hospital: oversee the implementation of the Boards resolutions; prudent management of resources; and formulation of long term strategies and business plans.</p>
6.	 <p>Dr. Derrick Munene Muketha-</p>	<p>Medical Superintendent / Secretary to the board Work Experience-11 Years Responsibilities: Management of the hospital: oversee the implementation of the Boards resolutions; prudent management of resources; and formulation of long term strategies and business plans.</p>

#### 4. Key Management Team

Ref	Management	Details
1.	 Dr. Derrick Munene Muketha- Bachelor of Pharmacy, MSc Health Economic and Policy, Master in Public Health	Medical Superintendent Work Experience-11 Years Responsibilities: Management of the hospital: oversee the implementation of the Boards resolutions; prudent management of resources; and formulation of long term strategies and business plans.
2.	 Caroline Wamuyu Gichuki- Diploma in Community Development and Counselling,	Head of Administration Work Experience: -9 yrs. Responsibilities: Provides leadership while creating a positive and productive culture is involved in the planning, direction and coordination of day-to-day operations to deliver the best quality of patient care is overall in charge of setting standards to drive operational excellence.
	 Pauline Njeri Kananu -BSC-Nursing/Diploma Comm.Nursing	Head of Nursing Service Manager Work Experience-28 years Responsibilities: Formulation, review and interpretation of Kiambu County health care policies relating to nursing services; ensuring to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.
3.		

*Wangige Level 4 Hospital (Kiambu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

4.	 <p>John Mwangi Kamau B.Comm-Finance</p>	<p>Head Of Finance Work Experience- 8 Years Responsibilities: Coordinating the preparation of budgets Financial Reporting; providing administrative direction as head of the finance section to achieve the vision and mandate of the Hospital.</p>
5.	 <p>Eunice Ndonga Diploma -supply Chain Management/CIPS Level V</p>	<p>Head of Supply Chain Work Experience-9 years Responsibilities: Reviewing procurement evaluation reports and provide professional procurement or asset disposal; interpretation, implementation and enforcement of the Public Procurement regulations</p>

## **5. Chairman’s Statement**

It is my pleasure to present the Hospital’s 2024/25 annual report and Financial Statements. The Board of Management is proud of the achievements realized by the hospital in this period, where the board has interacted with the team in year 2024/25 in its two time sittings.

I am particularly impressed by the “can do attitude” of staff coupled with their commitment to delivering the best possible service to patients.

### **Regulatory environment**

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

### **Sector Alignment**

The Hospital’s operations are also influenced by various global, regional and national strategies aimed at promoting, restoring, and maintaining the Health care service delivery. The agenda aims to provide affordable healthcare for all households through NHHF/SIA scheme.

### **Acknowledgement**

On behalf of the Board, I would like to thank all our stakeholders especially the Health department, The Kiambu County and development partners for the support they continue to accord the hospital without which our achievements would not have been realized. Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years

.....  
**Samuel Njathi Njuguna**  
**Chairman to the Board**

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

### **Section A**

#### **The Wangige Level 4 hospital operational and financial performance**

During the current financial year, the hospital targeted to collect 54. million shilling in revenue from the delivery of various services in the previous quarter. This was hoped to be achieved through expansion of service portfolio, by making effective use of the new infrastructure the hospital has in its disposal.

However, the hospital collected only 38 million during the quarter in review. This is just 70% achievement. It is however imperative to note that this is a significant increase as compared to the same period in the previous financial year, where the hospital collected 23.456 million in revenue from delivery of healthcare services; an 86.9% increase.

The above increase can be attributed to enhanced portfolio of service delivery, including introduction of outpatient specialist clinics, expansion of maternity services, increased utilization of general outpatient services, including MNCH services.

It is important to note that the hospital has only one source of revenue, user fees.

Funding for the final quarter was received on 13 Aug 2025 of 5,821,214.85 million FIF. However, the facility, as a going concern, incurred a debt of 19,821,214.85 million for provision of health services for the last quarter in review. During the same period in the previous financial year, the hospital had an approved budget of 3.783 million.

### **Section B**

#### **Entity's compliance with statutory requirements**

The hospital does not have any non-compliance issue. There are also no ongoing or potential court cases.

### **Section C**

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

In regard to the financial quarter, with the funds received the hospital will be focusing on expanding the X-ray services. This will in effect cause more services to be provided and hence increase the amount of revenue.

The facility will also take advantage of the UHC and PHC under SHIA program recently launched, and encourage clientele to enrol into it.

### **Section D**

#### **Major risks facing the entity.**

Major challenges facing the hospital is lack of resources to perform both operational and financial activities. There have been frequent delays in procurement of commodities with the

continuous audit of requisitions and the implementation of the expanded e-procurement process.

The persistent decline in patient numbers, attributed to rising cost of living pushing clients to free level 2 and 3 facility services.

The delayed county contracted and hospital contracted casual's salaries causing staff demotivated as well as overriding payment of current salaries.

The loss of staff to persistent turnover, with no replacements, with recent losses to retirement and death has greatly affect the workload and staff motivation.

#### **Section E**

##### **Material arrears in statutory/financial obligations**

Pending bills for the financial year 2024-2025 have been partially paid as we wait for funds to progress with payments. The facility has followed the county directives to pay current bills promptly to reduce the pending bills burden. Older pending bills of previous years were forwarded to county committee for assessment and way forward, in 2025.

There have been delays in procurement of commodities with the continuous audit of requisitions and the implementation of the expanded e-procurement process.

#### **Section F**

##### **The entity's financial probity and serious governance issues**

There are no serious financial and governance issues, however the board term is due to complete its tenure early next year. The facility owes the current sitting members several arrears of allowances.



.....  
**Dr. Derrick Munene Muketha**

**Secretary to the Board**

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

*(Two-to-three pages)*

Wangige Level 4 hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Service Delivery

Pillar/theme/issue 2: Health Financing

Wangige Level 4 hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Wangige Level 4 hospital achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar/ theme/ issue 1: Service Delivery	Eliminate Communicable conditions Eliminate Non Communicable conditions	Average length of stay - Bed Turnover	Immunization -Child health -Screening for communicable conditions -Antenatal Care	-Reduction in mortality and morbidity rates by 5%
Pillar/ theme/ issue 1: Health Financing	Provide essential Medical services	-Average waiting time -Medical equipment utilization -Insurance claim processing time	- General Outpatient - Integrated MCH / Family Planning services - Accident and Emergency - Emergency life support	-Increase in the number of caesarean sections -Reduction of waiting times for patients. -increased specialised test

## **8. Corporate Governance Statement**

The facility is governed by the Board of Management. The Hospital Management Board was gazetted vide the Kenya Gazette Vol. Cxxiii- NO. 3616 dated 27<sup>th</sup> January, 2025. The Board Members were issued with appointment letters dated 27<sup>th</sup> January, 2025 stating their term in office is three (3) years with effect from 27<sup>th</sup> January, 2025 which can only be renewed once. The power for appointment and removal of the board members is vested on the County Executive Committee in-charge-of health services member in line with the Constitution of the Kiambu County Health Services Acts (no. 2 of 2019).

The Executive Member appointed a Board for Wangige Level 4 hospital, comprising of;

- (a) A chairperson who is not a staff of the County Government with a minimum of a diploma;
- (b) The hospital superintendent who is the secretary to the board.
- (c) Four residents of the sub-county in which the hospital is located who have attained basic level education taking into account gender parity and special interest groups.

The Board may co-opt any person with relevant expertise necessary to assist the Board determine a matter.

The Executive Member may remove from office any member of the Board who;

- (a) Has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
- (b) Is adjudged bankrupt;
- (c) Is unable to discharge his or her duties due to physical or mental incapacity;
- (d) Violates or is suspected of violating the provisions of Chapter six of the Constitution; or
- (e) Is charged with a criminal offence in court of law or a traffic offence attracting an imprisonment term of a minimum of six months.

On board meetings; the Board held their first meeting at the hospital on 18<sup>th</sup> March 2025. The Board held four (2) meetings on the last financial year 2024- 2025. The attendance for the all meetings was >100%.

The Board is on the process of coming up with the succession plan and charter

- per the Act, the roles and functions of the board are as follows:
- (a) Provide oversight over the general administration of the hospital.
  - (b) Promote the development of the hospital.
  - (c) Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital.
  - (d) Recommend to the Executive Member budget estimates.
  - (e) Establish a hospital – community participation and feedback platform.
  - (f) Assessing the delivery of services at the hospital and advice the Executive Member.
  - (g) Monitoring the hospital performance against set targets and advice the Executive Member.
  - (h) Carrying out any other function that maybe assigned by the Executive Member.

The Board has performed exemplary well on their mandates during the last financial year despite challenges and are more committed to achieve much on the next financial year. The board was trained and inducted on their roles and were duly vetted before they were issued with appointment letters. There was no conflict of interest that arose in line with the Board executing their mandates. No Board Member was appointed in the current year.

The Board Members remunerations were based on the salary and remuneration commission circulars dated 16<sup>th</sup> April, 2014 Ref. No: SRC/ADM/CIR/1/13(122).

The board uses the charter of the Kiambu County Government. The conduct of the board members was ethical as they followed the code of conduct during their execution of their mandates as per the Kiambu Health act, 2019.

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

Wangige Sub county hospital continues to provide a wide range of healthcare services to patients from Kabete and its environs. Services include specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care, day care procedures for surgery, ophthalmology, dental, TB and CCC. The hospital also provides clinical support services that include, laboratory, pharmacy. The hospital strives to ensure that the clinical services provided are safe, timely, Appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints.

### **Overall patient attendance**

Average patient attendance for the year 2024/2025 was

- 46,598 Outpatients

- 1,273 in-Patients with 83% Bed Occupancy Rate

### **Specialized clinics Attendance**

MOPC- 2070

POPC- 135

GOPC- 297

TB- 656

CCC-10881

PSYCHIATRIC-734

### **In-patient admissions**

Wangige level 4 hospital admits maternity cases only and day case who requires day care treatment. The Maternity capacity is 28 bed with occupancy rate of 83%. This number is deemed to increase with the theatre service that have started coupled by the free maternity programme (Linda Mama)

### **Clinical effectiveness**

This is the application of the best knowledge, derived from Clinical experience, research mentorship and patient preferences to achieve optimum processes and outcomes of care for the patients. This involves deliberate actions and frameworks of informing Changing and monitoring and evaluation of clinical practice.

### **Patient Safety**

The Facility has embarked on all aspects of patient safety which is an integral component of Health service delivery. The hospital is focused to reduce hospital acquired infections and medical errors, reduction of falls and occurrence of venous thrombosis.

### **Antimicrobial stewardship**

The hospital has antimicrobial stewardship committee which has published guidelines on use of antimicrobials in the hospital.

### **Sponsorships and Partnership**

The Facility has continued to partner with UoN crisp, that Support CCC Services, The Unitaid funded CaP TB project supporting TB clinic Programme

## **Financial performance**

### **Revenue sources**

The Hospital revenue comprises of grants from the County Government, fees charged for services rendered, public contributions and donations, grants from development partners. During the year under review, revenue grew by 109% from Kshs.11 million reported in the FY 2023/24 to Kshs.23.456 million.

### **Utilisation of funds**

The revenue generated during the period was utilized to fund hospital expenditure that totalled Kshs.37 million.

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

Wangige level Hospital exists to transform lives by being efficient, transparent and accountable offering highest attainable standard of care. Our Mission (*To provide health services that is equitable, accessible and accountable to the people of Kiambu County through participatory Leadership*) is what guides us to deliver our strategy, putting the client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **a) Sustainability strategy and profile**

As a level 4 hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the operations. We are committed to being transparent, candid and open about our operation in order to capture the cosmopolitan population of Wangige-Kabete and its environs by identifying and putting into perspective the concept of improving the quality of life for people and communities across the sub-county whilst the MDG: 2030 Agenda for sustainable Development of all UN member state which Kenya is part off.

**b) Environmental performance**

We intend to construct the modern incinerator and our infection prevention committee is vibrant to ensure all protocol of waste management if adhered to, we also intend have ash pit

**Employee welfare**

Kiambu County Public Service Board established under Article 235 of the Constitution of Kenya, 2010 and Section 57 of the County Government Act, 2012 is mandated with appoint and promoting of all county employee. The procedures to be followed in appointing persons to hold offices within the scope of the County Government are provided for in the County Government Act, 2012 and guided by the values and principles of the public service spelt out in Article 232 of the Constitution.

The Salaries and Remuneration Commission will, based on recommendation of the County Public Service Board, advice and regularly review the salary and allowances applicable to officers in the county public service, amongst other public officers.

Kiambu County Public Service Board has design a performance management plan to evaluate performance of the county public service and the implementation of county policies as is provided for in Section 47 of the County Government Act.

Kiambu County Public Service Board is compliance with Occupational Safety and Health Act of 2007, (OSHA.)

**c) Market place practices-**

Maintaining a sustainable supply chain Our Commitment Wangige Hospital has several suppliers that supply good and services Through COG -Kiambu-Framework. We ensure our own reputation as service provider is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods supplied.

**a) Responsible competition practice.**

We as the facility ensure competitive, equal and fair opportunity for all groups of people through adhering to Public Procurement and Assets Disposal Act

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

The Hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payments practices, the management team applies the principle of first in supplies - first payment. The facilities also has a very vibrant receiving and acceptance committee.

**c) *Responsible marketing and advertisement***

Through The Recently Gazetted Hospital Board the Facility reach out to the community through them, the Health Promotion Office and the primary Health workers (Community Health Assistances n Community Health Volunteers). We maintain the transparency culture, protection of Hospital Data and ensure patient and staff welfare is paramount.

**d) *Product stewardship***

Patients are given the utmost respect and privacy

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

It reaches and outreaches most vulnerable patients and clothing the abandoned children. The facility also undertakes the Covid -19 Vaccination to the villages.

## **Report of the Board of Management**

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

## **Principal activities**

The principal activity mandate of the hospital is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

## **Results**

The results of the Wangige level 4 Hospital for the year ended 30<sup>th</sup> June 2025 are set out on page 1 to 55

## **Board of Management**

The members of the Board who served during the year are shown on page (VII). During the year there was no director who retired or resigned and the five (5) directors were appointed with effect from 27<sup>th</sup> January 2025.

## **Auditors**

The Auditor General is responsible for the statutory audit of the Wangige level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board



.....  
**Dr. Derrick Munene Muketha**

**Secretary to the Board**

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

Section 164 of the Public Finance Management Act, 2012 and Kiambu County Health Act 2019 requires the Board of Management to prepare financial statements in respect of Wangige Hospital, which give a true and fair view of the state of affairs of the Wangige Hospital at the end of the financial year ended on June 30, 2025 and the operating results of the Wangige Hospital for that year/period. The Board of Management is also required to ensure that the Wangige Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Wangige Hospital. The council members are also responsible for safeguarding the assets of the Wangige Hospital.

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


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

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

**Approval of the financial statements**

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

.....  
**Chairperson  
Board of Management**

  
.....  
**Dr. Derrick Munene  
Accounting Officer**

# REPUBLIC OF KENYA

phone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON WANGIGE LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KIAMBU**

---

### **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 Wangige Level 4 Hospital – County Government of Kiambu set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance,

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*Report of the Auditor-General on Wangige Level 4 Hospital for the year ended 30 June, 2025 – County Government of Kiambu*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Wangige Level 4 Hospital – County Government of Kiambu 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 County Governments Act, 2012, the Health Act, 2017, Kiambu County Health Services Act, 2019 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Cash Flows**

The statement of cashflows and as disclosed in Note 18 to the financial statements reflect Kshs.2,737,514 in respect to net cash flows from operating activities. However, a recast of Note 18 to the financial statements revealed an amount of Kshs.2,398,752 resulting in unreconciled variance of Kshs.338,762.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

#### **2. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflect Kshs.32,804,531 in respect to receivables from exchange transactions. However, Note 15 to the financial statements reflects Kshs.31,152,318 resulting to unexplained variance of Kshs.1,652,213. Further, receivables totaling Kshs.31,152,318 were not supported with payment vouchers and invoices.

In the circumstances, the accuracy and completeness of receivables balance of Kshs.31,152,318 could not be confirmed.

#### **3. Unsupported Trade and Other Payables**

The statement of financial position and as disclosed in Note 17 to the financial statements reflect accounts payable balance of Kshs.19,843,303. Included in the balance are trade creditors balance of Kshs.4,280,322 which were not supported with a listing, invoices, professional opinion and delivery notes.

In the circumstances, the accuracy and completeness of the trade payables balance of Kshs.19,843,303 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Issues**

In the audit report of the previous year two issues were raised on the Report on the Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance.

Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Lack of Ownership Documents and Failure to Maintain Asset Register
2	2023/2024	Overstatement of Receivables from Exchange Transactions
3	2023/2024	Failure to Prepare Procurement Plan
4	2023/2024	Ineffectiveness of the Hospital Receipting System
5	2023/2024	Ineffective Drug Stock Control Management
6	2023/2024	Non-Disposal of Expired Drugs

### **Other Information**

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Compliance with Public Procurement Capacity Building Levy Order**

The statement of financial performance reflects Medical/Clinical cost of Kshs.11,984,288. However, review of payments vouchers for signed contracts revealed that procurement capacity building levy of 0.03% was not deducted and remitted as required by Legal Notice No. 206 of 2023.

In the circumstances, Management was in breach of the Legal Notice.

#### **2. Long Outstanding Trade Payables**

The statement of financial position and as disclosed in Note 17 to the financial statements reflect payables balance of Kshs.19,843,303. However, the balance has been outstanding for more than three (3) years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

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

### 3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by seventy-six (76) or approximately 78% of the authorized staff establishment as shown in Table 1 below:

**Table 1: Deficiencies in staff Requirements**

Staff Requirement	Minimum Requirement	Actual Numbers	Variance	% Actual against Minimum Requirement
Medical Officers	16	7	9	56
General Surgeons	2	1	2	50
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	14	61	81
<b>Total</b>	<b>97</b>	<b>22</b>	<b>76</b>	<b>78</b>

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as shown in Table 2 below:

**Table 2: Deficiencies in Equipment**

Equipment & Machine	Minimum Requirement	Actual Numbers	Variance	Actual Against Minimum Requirement %
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theaters Maternity and General	2	1	1	50

The deficiencies contravene the First schedule of the Health Act, 2017 and imply that accessing the highest attainable standards of health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital Management will not be able to deliver on its mandate and Universal Health Care Services may not be effectively delivered at the Hospital.

#### **4. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital**

Review of revenue records obtained from the health facility revealed that the Hospital collected a total Kshs.38,157,030 towards the health facilities improvement which was transferred to the County Revenue Fund. However, the County Treasury reimbursed a total of Kshs.30,804,046 to the health facility resulting in a deficit of Kshs.7,352,984.00 This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

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

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

##### **Conclusion**

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

##### **Basis for Conclusion**

##### **1. Ineffective Systems of Internal Controls on Cash and Bank Operations**

Review of internal controls on cash and bank processes revealed the following exceptions;

- i. Bank reconciliations were not approved and signed.
- ii. Failure to appoint a board of survey.
- iii. Commingling of funds between revenue account and operations account.
- iv. Existence of a dormant account.
- v. Failure to indicate "Kiambu County Health Services Facility Improvement Fund" on Revenue Bank account.
- vi. Failure to transfer Kshs.58,796,597 to Kiambu Fund account.

vii. Failure to surrender unspent A.I.E of Kshs.6,397,246.

In the circumstances, adequacy of internal controls on revenue transactions could not be confirmed.

## **2. Ineffective System of Internal Controls on Accounting and Reporting**

The system of internal controls on accounting and reporting revealed the following exceptions;

- i) Failure to appoint members to the stocktaking Committee,
- ii) Failure to capture voucher number in the cashbooks,
- iii) Lack of voucher examination.
- iv) Payment vouchers did not indicate respective payment cheques and expenses were not classified per sub vote/item.

In the circumstances, the adequacy of internal controls on recording of transactions could not be confirmed.

## **3. Lack of Board Meetings**

During the year under review, the Board of Management that is supposed to direct the affairs of the Hospital in achieving its strategic objectives held only two meetings against expected four and the Board workplan was not provided for audit review.

In the circumstances, the Hospital did not fully benefit from the Boards oversight function.

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 Board of Management**

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**

**17 December, 2025**

*Wangige Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


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

Description	Note	30-June-25	30 June 2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government			-
In-kind contributions from the County Government	6	136,310,520	140,563,344
<b>Total revenue</b>		<b>136,310,520</b>	<b>140,563,344</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	15,839,276	23,456,265
Transfers from Sha.	7	22,317,754	-
<b>Revenue from exchange transactions</b>		<b>38,157,030</b>	<b>23,456,265</b>
<b>Total revenue</b>		<b>174,467,550</b>	<b>164,019,609</b>
<b>Expenses</b>			
Medical/Clinical costs		11,984,288	12,935,542
Employee costs	9	140,608,920	145,528,544
Board of Management Expenses	10	-	80,000
Repairs and maintenance	11	400,000	742,300
Grants and subsidies	22	7,631,406	4,691,253
General expenses	13	2,573,054	4,394,025
<b>Total expenses</b>		<b>163,197,668</b>	<b>168,371,644</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>11,269,882</b>	<b>-4,352,055</b>

*(The notes set out on pages 10 to 86 form an integral part of the Annual Financial Statements.)*

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

.....  
 Chairman

  
 Head of Finance

.....  
 Medical Superintendent

.....  
 Board of Management

*Wangige Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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


Description	Note	30 JUNE 2025	30 JUNE 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	6,473,885	3,736,371
Receivables from exchange transactions	15	32,804,531	26,840,296
Inventories	16	10,210,121	7,641,988
<b>Total Current Assets</b>		<b>49,488,537</b>	<b>38,218,655</b>
<b>Non-current assets</b>			
Property, plant, and equipment		-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets (A)</b>		<b>49,488,537</b>	<b>38,218,655</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	19,843,303	33,875,394
<b>Total Current Liabilities</b>		<b>19,843,303</b>	<b>33,875,394</b>
<b>Total non-current liabilities</b>		<b>19,843,303</b>	<b>33,875,394</b>
<b>Total Liabilities (B)</b>		<b>19,843,303</b>	<b>33,875,394</b>
<b>Net assets (A-B)</b>		<b>29,645,234</b>	<b>4,343,261</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		8,034,601	(3,235,281)
Capital Fund		-	-
<b>Net Assets</b>		<b>8,034,601</b>	<b>38,218,655</b>

**Wangige Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

*(The notes on pages 10 to 86 form an integral part of the Annual Financial Statements.)*

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

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

  
.....  
**Head of Finance**

  
.....  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024 (previous year)	-	1,116,772	-	1,116,772
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(4,352,053)	-	(4,352,053)
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	(3,235,281)	-	(3,235,281)
At July 1, 2025 (current year)	-	(3,235,281)	-	(3,235,281)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	11,269,882	-	(5,951,210)
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	8,034,601	-	8,034,601

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

Description	Note	Period ended	Period ended
		30-Jun-25	30-Jun-24
		Kshs	Kshs
<b>Receipts</b>			
Rendering of services- Medical Service Income		32,192,795	12,540,896
<b>Total Receipts</b>		<b>32,192,795</b>	<b>12,540,896</b>
<b>Payments</b>			
Medical/Clinical costs		21,215,975	3,434,590
Employee costs		4,482,321	4,540,986
Repairs and maintenance		400,000	589,644
Grants and subsidies		-	1,547,043
General expenses		3,356,985	2,252,090
<b>Total Payments</b>		<b>29,455,281</b>	<b>12,364,353</b>
<b>Net cash flows from operating activities</b>	18	<b>2,737,514</b>	<b>176,543</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,737,514</b>	<b>2,337,508</b>
Cash and cash equivalents as at 1 July 2024		3,736,371	6,073,879
<b>Cash and cash equivalents as at 30 June 2025</b>		<b>6,473,885</b>	<b>3,736,371</b>

*Wangige Level 4 Hospital (Kiambu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	a	b	e=(a+b)	d	e=d/c %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Rendering of services- Medical Service Income	54,425,000	136,310,520	190,735,520	<b>174,467,550</b>	91%
<b>Total income</b>	<b>54,425,000</b>	<b>136,310,520</b>	<b>190,735,520</b>	<b>174,467,550</b>	91%
<b>Expenses</b>					
Medical/Clinical costs	22,836,000	136,310,520	159,146,520	148,294,808	91%
Employee costs	6,428,000	-	6,428,000	4,298,400	93%
Remuneration of directors	400,000	-	400,000	-	93%
Repairs and maintenance	2,920,000	-	2,920,000	400,000	67%
Grants and subsidies	8,708,000	-	8,708,000	7,631,406	14%
General expenses	13,133,000	-	13,133,000	2,573,054	14%
<b>Total expenditure</b>	<b>54,425,000</b>	<b>136,310,520</b>	<b>190,735,520</b>	<b>163,197,668</b>	88%
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>11,269,882</b>	

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	<b>11,269,882</b>
1 Timing differences	(12,427,403)
2 Grants and subsidies withheld by county 20%	7,631,406
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>6,473,885</b>

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

### **1. General Information**

Wangige Hospital is established by and derives its authority and accountability from Kiambu Health Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Hospital's principal activity is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 20. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital.

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

**3. Adoption of New and Revised Standards**

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

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

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

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

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Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Standard	Effective date and impact:
Plant and Equipment	<p>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>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></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>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></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>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><i>Applicable 1<sup>st</sup> January 2027</i></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> <ul 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> </ul>

*iii) Early adoption of standards*

The Entity did not adopt –any new or amended standards in the financial ye

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on **August 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 entity recorded additional appropriations of **nil** on the FY 2024/2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

### **Financial assets**

#### **Classification of financial assets**

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

#### **Subsequent measurement**

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

#### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

**q. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	30 JUNE 2025	30 JUNE 2024
	KShs	KShs
Salaries and wages	136,310,520	140,563,344
Total grants in kind	-	-

Notes to Financial Statements Continued

7. Transfers from Other Government Entities

Description	30 JUNE 2025	30 JUNE 2024
	KShs	KShs
Transfer from SHIA	22,317,754	-
Total Transfers	22,317,754	-

8. Rendering of Services-Medical Service Income

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income (specify)	-	-

**Wangige Level 4 Hospital (Kiambu County Government)**  
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Total revenue from the rendering of services	15,839,276	20,174,426
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**Medical/ Clinical Costs**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Laboratory chemicals and reagents		1,889,638
Food and Ration	2,037,926	1,237,753
Dressing and Non-Pharmaceuticals	7,914,862	7,144,763
Pharmaceutical supplies	0	1,403,000
Health information stationery	2,031,500	1,025,000
Sanitary and cleansing Materials		20,000
Purchase of Medical gases		109,539
X-Ray/Radiology supplies	-	105,850
<b>Total medical/ clinical costs</b>	<b>11,984,288</b>	<b>12,935,542</b>

**9. Employee Costs**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Salaries, wages, and allowances	136,310,520	140,563,344
Other employee costs ( <i>specify</i> )	4,298,400	4,965,200
<b>Employee costs</b>	<b>140,608,920</b>	<b>145,528,544</b>

**10. Board of Management Expenses**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Sitting allowance	-	80,000
<b>Total</b>	<b>-</b>	<b>80,000</b>

*Wangige Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**11. Repairs and Maintenance**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Property- Buildings	400,000	197,950
Medical equipment	-	212,500
Motor vehicle expenses	-	141,900
Maintenance of civil works	-	189,950
<b>Total repairs and maintenance</b>	<b>400,000</b>	<b>742,300</b>

**12. Grants and Subsidies**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Other grants and subsidies( <i>specify</i> ) .2	7,631,406	4,691,253
<b>Total grants and subsidies</b>	<b>7,631,406</b>	<b>4,691,253</b>

**13. General Expenses**

Description	30 JUNE 2025	30 JUNE 2024
	Kshs	Kshs
Catering expenses	-	50,000
Bank charges	62,155	40,000
Contracted services	411,000	700,000
Electricity expenses	63,959	1,800,000
Fuel and Lubricants	381,960	78,000
Printing and stationery	1,111,250	657,565
Water and sewerage costs	542,730	700,000
Telephone and mobile phone services	-	140,000
Internet expenses	-	228,460
<b>Total General Expenses</b>	<b>2,573,054</b>	<b>4,394,025</b>

**14. Cash and Cash Equivalents**

Description	30 JUNE 2025	30 JUNE 2024
	KShs	KShs
Current accounts	6,473,885	3,736,371
<b>Total cash and cash equivalents</b>	<b>6,473,885</b>	<b>3,736,371</b>

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

Description		30 JUNE 2025	30 JUNE 2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1157562256	6,473,885	3,736,371
Kenya Commercial bank	1263814220	10	-
Family bank	001000068733	1	-
<b>Grand total</b>			<b>3,736,371</b>

15. Receivables from Exchange Transactions

Description	30 JUNE 2025	30 JUNE 2024
	KShs	KShs
Medical services receivables	10,254,350	26,840,296
Rent receivables	-	-
Other exchange debtors	20,897,968	-
Less: impairment allowance	-	-
<b>Total receivables</b>		<b>26,840,296</b>

(a) Analysis of Receivables from Exchange Transactions

Description	30 JUNE 2025		30 JUNE 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	64.16%	-	0%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	26,840,296	35.84%	26,840,296	100%
<b>Total (a+b)</b>	-	<b>100%</b>		<b>100%</b>

**16. Inventories**

Description	30 JUNE 2025	30 JUNE 2024
	KShs	KShs
Pharmaceutical supplies	2,497,717.40	3,351,861
Laboratory supplies	2,748,832	806,341
Non Pharmaceutical supplies	4,963,572	2,540,916
Food supplies	-	218,542
General supplies	-	126,558
Printing Supplies	-	597,770
<b>Total</b>	<b>10,210,121.40</b>	<b>7,641,988</b>

**b) Detailed disclosure on inventories**

	30 JUNE 2025	30 JUNE 2024
Opening balance	7,641,988	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	10,210,121.40	7,641,988

Wangige Level 4 Hospital (Kiambu County Government)  
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17. Trade and other Payables

Description	30 JUNE 2025		30 JUNE 2024	
	KShs		KShs	
Trade payables	19,843,303		-	
Employee dues			-	
Utilities payments ( <i>Electricity and water</i> )			-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	19,843,303		33,875,394	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year		3.4%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	19,843,303	96.6%	33,875,394	100%
<b>Total</b>	19,843,303	<b>100%</b>	33,875,394	<b>100%</b>

18. Cash Generated from Operations

Description	30 JUNE 2025		30 JUNE 2024	
	KShs		KShs	
Surplus for the year before tax	11,269,882		(4,352,055)	
<b>Adjusted for:</b>				
<b>Working Capital adjustments</b>				
Increase in inventory	(2,568,133)		(-)	
Increase in Receivables	(11,100,501)			
<b>Net cash flow from operating activities</b>	<b>2,737,514</b>		<b>-</b>	

**Notes to the Financial Statements (Continued)**

**19. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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**Sensitivity analysis**

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

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

**iv) Capital Risk Management**

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

Description	Current Period	Period ended 30 JUNE 2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
<b>Gearing</b>	-	-

**20. Related Party Balances**

**Nature of related party relationships**

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

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

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

**21. Events after the Reporting Period**

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

**22. Ultimate and Holding Entity**

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

**23. Currency**

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

17. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Ownership Documents and Failure to Maintain Asset Register	Management noted and reached out to mother department for proper documentation	not resolved	Resolved
	Overstatement of Receivables from Exchange Transactions	Management noted and is committed to ensure accurate reporting	Resolved	Resolved
	Failure to Prepare Procurement Plan	Management noted and committed to be attaching in every payment voucher	Resolved	Resolved
	Deficiencies in Implementation of Universal Health Coverage	Management noted this and is committed to ensure compliance	Implementation ongoing	Next financial year
	Ineffectiveness of the Hospital Receipting System	Management noted and committed to ensure compliance	Implementation ongoing	Next financial year
	Ineffective Drug Stock Control Management	Management noted and committed to ensure compliance	Implementation ongoing	Next financial year
	Non-Disposal of Expired Drugs	Management noted and committed to ensure compliance	Implementation ongoing	Next financial year

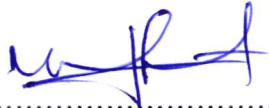
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
**Accounting Officer**

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**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	10/24	2,534,495		2,534,495	
	11/24	2,789,760		2,789,760	
	12/02/2025	9,913,264		9,913,264	
	30/04/2025	9,745,313		9,745,313	
		5,821,214		5,821,214	
<b>Total</b>		<b>30,804,046</b>		<b>30,804,046</b>	

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

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

Appendix IV Reporting of Climate Relevant Expenditures

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

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**Appendix V: Disaster Expenditure Reporting Template**

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