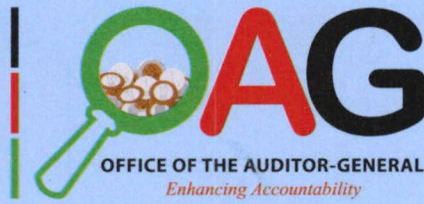


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REPORT

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THE AUDITOR-GENERAL

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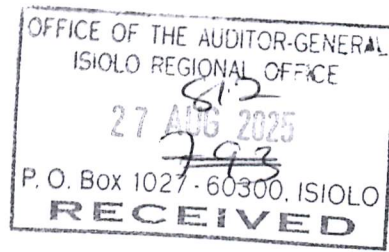
NYAHURURU COUNTY REFERRAL HOSPITAL

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FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF LAIKIPIA





NYAHURURU COUNTY REFERRAL HOSPITAL (Laikipia County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
IPSAS	International Public Sector Accounting Standards Board
FY	Financial Year
MED SUP	Medical Superintendent
NCRH	Nyahururu County and Referral Hospital
CPA	Certified Public Accountant
IFMIS	Integrated Financial Management Information System.
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Nyahururu County Referral Hospital (NCRH) is administratively and functionally in Laikipia County, Kenya, located in Nyahururu town, Igwamiti Ward, Laikipia West, along the Nyahururu-Nakuru highway with the following coordinates: 0°02'18.6"N 36°21'43.8"E 29Q6+9VV Nyahururu.

Though located in Laikipia County, the hospital also serves parts of Nyandarua, Nakuru, Baringo, Samburu and Nyeri counties

The hospital was started as a dispensary in 1928 by the British Government but in 1968, the Kenyan Government upgraded it to a District Hospital and has been under the County Government of Laikipia since devolution of governance in 2012.

Over the years, Nyahururu County Referral Hospital has morphed to a high-volume level 4 hospital, offering promotive, preventive, curative and rehabilitative services.

The hospital is governed by a Board of management that was inaugurated on the 8th of December 2023

(b) Principal Activities

The hospital is a level four facility that offers promotive, preventive, curative and rehabilitative services and a primary referral hospital for level 2 and level 3 facilities in the area. The principal activity of the entity is to provide the highest attainable standards of patient care.

Vision Statement: To be the hospital of choice in the region offering unmatched health care services

Mission: Provide high quality health services that are equitable, accessible, affordable, available and acceptable to all.

Core Values:

- i. Professionalism
- ii. Integrity
- iii. Teamwork
- iv. Honesty
- v. Quality

(c) Key Management

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

- County Department of Health
- Hospital Board of Management
- Chief Executive Officer

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- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1	Chief Officer- Health Department	Dr. Timothy Panga
2.	Chief Executive Officer	Dr. Lawrence Kamande
3.	Health Department Accountant	CPA M. Charles Ntonjira
4.	Hospital Accountant	CPA Nahashon W. Ngunjiri
5.	Head of Corporate Services	Mr. Thomas Kiptoo

(e) Fiduciary Oversight Arrangements

- (i) Hospital Board Finance, Administration Committee
- (ii) Hospital Board Risk and Audit committee
- (iii) Internal Audit
- (iv) Parliamentary Oversight Committees
- (v) Development partners
- (vi) County Assembly

(f) Entity Headquarters

The Hospital's Headquarter is situated in Nyahururu Town

(g) Entity Contacts

Telephone: (+254) 721721109

E-mail: medsupnyahudh@gmail.com

Website: www.nyahururudisthosp.or.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000, City Square 00200
Nairobi, Kenya
2. Family Bank
P.O box 2103-20300
Nyahururu.

3. Kenya Commercial Bank
P.O box 64-20300
Nyahururu

4. Equity Bank
P.O box 1048-20300
Nyahururu

(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.1271 -10400
Nanyuki, Kenya

3. The Board of Management

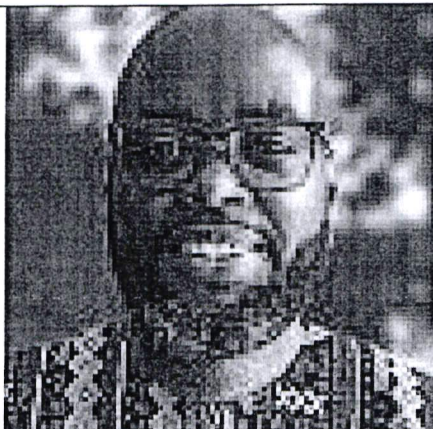
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Ref	Directors	Details
1.	 <p>Dr. Linus Kiriimi Ndegwa, PhD (Epidemiology), MPHE, HCS,</p>	<p>Board Chair Non-Executive Board Chairperson Age: Key Qualifications: PhD (Epidemiology) Work experience:33years Committee chaired: None</p>
2.	 <p>Dr. Lawrence Kamande MBChB, MMed (Gen. Surgery)</p>	<p>Secretary Dr. Kamande holds a Bachelor’s Degree in Medicine and Surgery and a Master’s Degree in General Surgery, both of which he attained at the University of Nairobi. He also holds a Postgraduate Diploma in Health Systems Management Kamande has worked 29 years as a Health Practitioner which includes 16years in Hospital management Committee chaired: Hospital management committee</p>

<p>3.</p>	 <p>Dr. Timothy Panga BPharm, MPharm (Clin Pharm)</p>	<p>Member</p> <p>Timothy Panga is the Chief Officer of Health, in the Laikipia Health Service of the third administration County Government of Laikipia. He has previously served in the same position in the first administration of the County Government at the inception of Devolution in Kenya. In 2018 to 2022 period, he served as the Chief Executive Officer of the Nanyuki Teaching and Referral Hospital.</p> <p>Previously he has worked at Getrude's Children's Hospital in Nairobi as the Paediatric Critical Care Pharmacist. While in this role, he was admitted as a Fellow of the Joanna Briggs Institute (JBI) of the University of Adelaide, which included completing an Evidence-Based Healthcare Project in the hospital. Much earlier on, worked as a pharmacist in the public sector in Nyahururu, Nanyuki and Rift Valley PGH hospitals. He currently serves in the National Executive Committee (NEC) of the Pharmaceutical Society of Kenya serving for two continuous terms; and is regularly engaged as a consult on matters pharmaceutical policy or in the establishment of a surveillance system to combat Antimicrobial Resistance.</p> <p>Panga was educated at the University of Nairobi where he undertook both his Bachelor of Pharmacy and Master of Pharmacy in Clinical Pharmacy. He is current pursuing accreditation as a Certified Secretary of Kenya and Certified Quality Professional, all under KASNEB Kenya.</p> <p>Panga is also involved in community activities and has been an instrumental part of the Laikipia Peace Caravan of 2009-2011. Panga has also actively participated in charity work at his church and in the community. He volunteered as the director of the International Humanity Foundation (IHF), an</p>
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		<p>international NGO that supported children in difficult circumstances access education and care in Nakuru and Baringo Counties, in 2006 to 2009. Committee chaired: None</p>
4.	 <p>Peterson Thumi Kabugi (Rev), (Dr.)</p>	<p>Member</p> <p>Key Qualifications:</p> <ol style="list-style-type: none"> 1. PhD (Religious Studies), Laikipia University, Kenya (2022) 2. Masters in. (Theology), Catholic University of Eastern Africa, Kenya (2014) 3. Bachelors in theology (First Class Hons.) Pontifical Urbaniana University, Kenya (2006) <p>Work experience:</p> <ol style="list-style-type: none"> 1. Appointed to the position of Lecturer, Grade 12 from Grade 11, effective from 1st November 2022 2. Appointed to act as Chairman of the Department of Public Affairs and Environmental Studies September 16th- 27th 2022. 3. Appointed Member of the Board of Management, Mwihang'ia Secondary School, 12th May 2022. 4. Appointed to perform the duties of Dean of Students 25th – 29th August 2022 5. Appointed to perform the duties of Dean of Students 7th August 2018 6. Appointed to perform the duties of Dean of Students 19th February 2018 7. Appointed to perform the duties of Dean of Students 16th January 2018 8. Appointed Non-Executive Board Member of Nyahururu Teaching and Referral Hospital, 18th April 2018.

		<ol style="list-style-type: none"> 9. Appointed to perform the duties of Dean of Students 1st February 2016 10. Appointed to perform the duties of Dean of Students 19th – 20th April 2022 11. Appointed to act Chairman of the Department of Public Affairs and Environmental Studies September 28th February - 14th March 2022 12. Appointed ISO Champion/Coordinator on 18th May 2021 13. Appointed to the County Government of Nyandarua Education Pillar Forum, 10th September 2021 14. Received Deputy Vice Chancellor Recognition on the implementation of Quality Management System (ISO 19001:2015) and Information Security System (ISO IEC: 27001:2013), 4th October 2021. 15. Appointed as Enterprise Resource Planning (ERP) Champion, 2nd April 2019 16. Appointed to perform the duties of Dean of Students 31st December – 12th February 2019 17. Appointed as the Chair of LUSO Electoral Tribunal, 13th February 2018 18. Admitted to a PhD Programme, 17th April 2016. 19. Appointed as the University Chaplain, 15th January 2015. 20. Ordained as Parish Priest, Ng'arua Parish, 28th. April 2007
5.		<p>Member Peter works with various non-governmental organizations and East African communities to build their capacity to develop and use scorecards as</p>




Peter Ng'ethe Ngure

tools to advocate for better health policies and increase budgets. Peter is dynamic team leader with a demonstrated track record in governance and health systems strengthening. He is a 2019 Johns Hopkins Gates Institute Global Health Leadership Accelerator alumnus; 2017 winner of the 120 Under 40: The New Generation of Family Planning Leaders award; and a U.S. Department of State 2018 Mandela Washington Fellow. Peter has more than 12 years of constitutional/governance and advocacy experience both at the national and county levels. Over the last five years, Peter has worked with rural and urban counties in Kenya as an advocate for domestic resourcing for health and Universal Health Coverage, helping to develop their health strategies, costed implementation plans, and monitoring tools for the plans. Peter currently works with Pathways Policy Institute as the advocacy lead where he has developed a scorecard highlighting health workers' commitment to providing excellent service to youth and is currently working with hospital and community leadership to develop the County Referral Hospitals scorecards. With experience in the field of social advocacy, policy scorecard development and analysis, and a 2019 120 Under 40 Ingenuity Fund winner established the I Know One (IKO) FPAwards, he has been a key contributor to the development of five counties' health bills and supportive health sector policies at the national and county levels as well as their monitoring plans for efficiency and effectiveness. Committee chaired:

<p>6.</p>	 <p>Gabriel Ndirangu Macharia</p>	<p>Member Gabriel Macharia is a committee member under Larche Kenya involved in right of person living with disability and formulating and drafting of Laikipia County Disability Bill of 2023. He is also a County Development Committee member.</p>
<p>7.</p>	<p>Grace Wanjiru Wachira (Mrs.)</p>	<p>Member Grace is a certified QMS Lead auditor, highly accomplished and passionate Health Care Management professional with background in Medical Laboratory Science and Healthcare Management.</p> <p>She has more than 10 years' of experience in the clinical practice and health care management. Grace is currently the Director of Health Services at Strathmore University Medical Centre.</p> <p>She has also served as the Quality Assurance Manager at St Francis Community Hospital and has been a member of various hospital management teams, Secretary to Hospital Advisory Board Quality Assurance Committee and other managerial and technical capacities in healthcare management.</p> <p>She has been a member of various Hospital Boards where she has advocated and pioneered Quality Management Systems in several hospitals and led them towards achieving and sustaining hospital accreditation processes in safe care, Kenya Quality Model for Health and ISO accreditation.</p>





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		<p>She holds a Master’s Degree in Health Care Management from Strathmore Business School, an undergraduate degree in Medical Laboratory Sciences from the Kenya Methodist University and a Higher National Diploma in Blood Transfusion Sciences.</p> <p>Committee chaired: Quality Assurance, Health and Safety</p>
8.	Francis Njenga Ng’ang’a	<p>Member Key Qualifications: Work experience: Committee chaired: Finance, Administration and Human Capital</p>
9.	 <p>Carol Lekitasharan (Mrs.)</p>	<p>Member Carol is a highly dedicated individual with aspiring progressive career in the field of Administration & Finance, Project management and community empowerment initiatives. Beside education qualification in MBA-Finance, Bachelor of Science in International Business Administration, CIFA and other short trainings. She has gained extensive working experience over the last ten years at different organizations working on different capacities. She is a responsible youth with a flexible mind (to new ideas and worldview perspective) and determination to succeed in her undertakings. Her excellent leadership is portrayed in</p>

		<p>various leadership positions she has served and is still serving. It is her desire to work with teams and organization where she can utilize both the learnt and intrinsic skills optimally for growth of the organization, persons and career development while serving God and mankind.</p> <p>Committee chaired: Risk and Audit Management</p>
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*Nyahururu County Referral Hospital (Laikipia County Government)
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4. Key Management Team

Ref	Management	Details
1.	 Dr. Lawrence Kamande	Master of Medicine in General Surgery Position: Chief Executive Officer (CEO)
2.	 Mr. Thomas Kiptoo Kwalia	Masters in Public Administration and Policy Position: Head Of Corporate Services
3.	 Dr. Valerie Salano	Master of Medicine in Otorhinolaryngology Position: Head of Clinical Services
4.	 Mr. Nahashon Wachiuri Ngunjiri	Certified Public Accountant(K) Position: Hospital Accountant

5.	 Mrs. Mary Njoroge	Principal Registered Nurse Position: Nursing Manager
6.	 Dr. Seth Jomo	Masters in Pharmaco epidemiology and Pharmacovigilance Position: Head of Pharmacy Services
7.	 Mrs. Jane Florence Kimotho	Bachelors' degree in Business Management (Purchasing & Supplies Management Option) Position: Hospital Procurement Office In-charge

5. Chairman's Statement

The past year has seen our hospital make significant strides in delivering quality healthcare services to the people of Nyahururu and the wider Laikipia County. Despite the numerous challenges we have faced, the commitment and dedication of our staff, combined with strategic partnerships and support from both the county and national governments, have ensured that we continue to improve our service delivery.

Key Activities and Achievements

Over the course of this financial year, we have focused on several key areas aimed at improving both patient outcomes and operational efficiency:

1. Expansion of Healthcare Services

- The Mother and Child Unit was officially opened by H.E the Deputy President, Rigathi Gachagua on the 5th of March 2024. The unit has seen increase in the number of admissions in this unit.

2. Upgrading of Infrastructure

- The extension of the outpatient waiting bay has increased our capacity to serve more patients, reducing congestion and enhancing the patient experience.

3. Digital Transformation

- The hospital successfully rolled out an electronic medical record (EMR) system to digitize patient records and improve the efficiency of service delivery. This has enhanced the accuracy of medical records and reduced the time taken to access patient information.

4. Staff Training and Development

- A key focus this year was on improving the capacity of our medical staff through ongoing training programs and workshops. Our partnership with educational institutions and health organizations such as Strathmore University has enabled our staff to gain specialized skills.

5. Partnerships and Collaborations

- Through collaborations with donors and development partners such as the African Medical and Research Foundation (AMREF) and World Bank, we have secured funding for critical health programs and infrastructure development. These partnerships have been invaluable in expanding our service offering and improving

the quality of care. The launch of our new liquid oxygen tank, a vital addition to our healthcare infrastructure, was made possible through the generous funding from the Global Fund.

Consolidated Successes

Our hospital has made significant gains in the following areas:

- **Increased patient satisfaction:** With the improvement of infrastructure and services, patient satisfaction levels have increased to 78% by March 2024. The feedback from our community has been overwhelmingly positive, particularly regarding the shorter waiting times and the availability of specialized care.
- **Improved Healthcare Access:** The opening of the mother and child unit and the expansion of outpatient services have made healthcare more accessible to the population, reducing the strain on referral hospitals in nearby counties.

Challenges Faced

Despite the successes, we have faced several challenges:

- **Limited Financial Resources:** While we have seen increased demand for healthcare services, financial constraints have limited our ability to fully upgrade some of the key infrastructure and acquire essential medical equipment.
- **Staffing Challenges:** Retaining highly skilled medical personnel remains a significant challenge due to competition from private healthcare providers offering more attractive remuneration packages. Additionally, there is a need for more specialized staff to handle the growing demand for services in departments such as oncology, emergency medicine and critical care.

The Way Forward and Future Outlook

Looking ahead, the Board of Management is committed to addressing these challenges and building on the achievements of the past year. Our priorities for the next financial year include:

- **Infrastructure Expansion:** We plan to further expand our facilities, with a focus on achieving level 5 status by increasing the scope of services offered such as Computed Tomography (CT), Intensive Care Unit/ High Dependency Unit and Oncology services. We are also looking to improve our emergency services by upgrading the Accident and Emergency department.
- **Sustainability Initiatives:** As part of our ongoing efforts to reduce operational costs and environmental impact, we aim to increase our reliance on renewable energy sources, with plans to adopt our solar power capabilities across the entire hospital.

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- **Financial Stability:** We will continue to explore partnerships with both local and international donors to secure additional funding for key projects.
- **Staff Development and Retention:** Our focus will be on offering and creating opportunities for further professional development to retain skilled personnel, key in improving service delivery and expanding specialized care services.
- **Community Engagement:** The hospital will continue to engage the community through health outreach programs and public health education initiatives, focusing on disease prevention and early diagnosis.

In conclusion, despite the challenges we have encountered, I am confident that Nyahururu County Referral Hospital is on the right path toward becoming a centre of excellence in healthcare delivery. The Board remains committed to ensuring that the hospital continues to grow, innovate, and provide the highest standard of care to the community. Together with our dedicated staff and partners, we look forward to a future of sustained success and progress.

.....
Dr. Linus Ndegwa, PhD (Epi)
Chairman to the Board

6. Report of The Chief Executive Officer

Our mission remains to provide quality healthcare services that are accessible and responsive to the needs of the community, while also enhancing the operational efficiency of the hospital. This report offers insights into the activities we undertook, the impact we have achieved, and the strategies we aim to implement to ensure continuous improvement in service delivery.

Key Activities and Operational Achievements

The 2024-2025 financial year has been one of significant progress for the hospital. Key activities across various departments and units are summarized as follows:

i) Patient Care and Service Delivery

The hospital saw a notable decrease in patient volumes both in outpatient and inpatient services, attributable to the healthcare worker's strike. Specific operational highlights include:

- **Outpatient Department (OPD):** The OPD handled over 201,788 patients this year, a decrease from 206,712 in the prior year, this is attributed to the healthcare workers strike that lasted 2 months
- **Inpatient Services:** We admitted 12,018 patients during the year, an increase in comparison to the previous year and. The **paediatrics** and **maternity** wards were particularly busy, serving more than 2181 and 4421 patients, respectively. With the launch of the mother and child unit, we were able to decongest the male ward and now have separate male surgical and medical wards with a bed capacity of **23** and **16** respectively.
- **Emergency Care:** The **Accident and Emergency (A&E) unit** continued to operate efficiently, handling 9886 emergency cases during the year.

ii) Specialized Care Units

We have successfully expanded our scope of specialized services to meet the growing healthcare needs of our population:

- **Maternal and Child Health:** Our **maternal services** saw improvements with the launch of the mother and child unit. More than 4,000 safe deliveries were conducted.
- **Surgical Services:** Our **surgical department** performed 2301 major and 390 minor surgeries, a decline in comparison to the previous year, attributable to the doctors' strike. The increase in the number of surgeons has greatly reduced the need for patients to travel to Nairobi or other counties for surgical care.

iii) Infrastructure and Technology

- **New Facilities:** We completed the extension of the outpatient wing thus reducing congestion in the outpatient and enabling us to serve patients better.
- **Digital Health Systems:** We implemented an **Electronic Medical Record (EMR) system** in the outpatient department, pharmacy, Eye and Ear, Nose & Throat (ENT) clinics that has streamlined record-keeping, reduced errors, and improved patient care. This system ensures that patient records are always available, enhancing coordination across departments.

iv) Human Resource Development

- **Training and Capacity Building:** Continuous professional development has been a priority. Weekly continuous medical education is held at the facility achieved through partnerships with local, national and international organizations.

Financial Overview and Utilization of Resources

The hospital operated within a tight fiscal environment, but prudent financial management enabled us to achieve significant outcomes. Below are key aspects of our financial performance:

- **Revenue:** The hospital's total revenue for the year amounted to Ksh.277,034,773 with a large proportion coming from NHIF/SHA.
- **Expenditure:** Our total expenditure for the year was Ksh. 265,475,037. This included operational costs such as salaries, medical supplies, utilities, and maintenance. We have kept our operational costs under control through efficient procurement processes and resource optimization.

Challenges and Limitations

Despite the successes, Nyahururu County Referral Hospital faced several challenges throughout the year:

i) Infrastructure and Equipment Limitations

- **Overcrowding in Wards:** The hospital's inpatient wards, particularly paediatrics, have been overstretched due to increasing patient numbers. The high bed occupancy rate is putting pressure on our resources, especially during peak times.
- **Aging Equipment:** Some critical departments, such as physiotherapy and occupational therapy, are still using outdated equipment, leading to less desirable outcomes. The hospital urgently requires a CT machine to meet the rising demand for diagnostic services.

ii) Financial Constraints

- **Delayed Funding:** The hospital occasionally experienced delays in receiving funds from the Social Health Insurance (SHA) affecting our ability to procure medical supplies and settle supplier debts on time.
- **Rising Costs of Medical Supplies:** The inflation rate has pushed up the prices of medical supplies and pharmaceuticals, placing a strain on our operational budget.

iii) Human Resource Challenges

- **Shortage of Specialized Staff:** There remains a shortage of specialized personnel, particularly in critical care, renal unit and oncology. This shortage has impacted our ability to fully utilize some of the specialized units that we have established.

Way Forward and Future Outlook

To address the above challenges and further improve our services to achieve a level V status, the hospital has outlined several strategies for the upcoming year:

i) Infrastructure Expansion

We envision to have an outpatient block which will house all specialist clinics, accident and emergency department, renal unit and the much-needed ICU and HDU.

ii) Resource Mobilization

We will strengthen our engagement with both the county government and international development partners to secure additional funding for critical infrastructure projects. This includes the acquisition of modern diagnostic equipment for radiology and rehabilitative services.

iii) Staff Development and Recruitment

To address the shortage of specialized staff, we will:

- Lobby via County Government of Laikipia to intensify our recruitment efforts to attract specialists in nephrology, pathology, oncology and critical care.
- Enhance our staff retention programs by offering further career development opportunities through local and international collaborations and specialized training.

iv) Community Engagement and Preventive Health

The hospital will continue its outreach programs, particularly focusing on preventive health services such as cancer screening, immunization, and public health education. We plan to conduct regular medical camps in underserved areas within Laikipia County to increase access to healthcare.

v) Financial Sustainability

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To ensure long-term financial sustainability, the hospital will:

- **Diversify revenue streams** by exploring and increasing our range of premium services.
- Implement further cost-saving measures, particularly in energy use, by adopting solar energy and water harvesting.

Conclusion

The 2024-2025 financial year has been one of progress and learning for Nyahururu County Referral Hospital. We have made remarkable advancements in service delivery, infrastructure development, and staff capacity. However, challenges remain, particularly in terms of infrastructure, staffing, and financial sustainability. Moving forward, the hospital is committed to building on the gains made this year and ensuring that every patient receives the best care possible. I would like to thank our dedicated staff, partners, and the community for their continued support.

Together, we will achieve even greater success in the coming years.



Dr. Lawrence N. Kamande
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

The key development objectives of the Nyahururu County Referral Hospital are anchored on the World Health Organisation building blocks and itemised in the table below.

Strategic Area	Objective	Outcome	Indicator	Performance
Infrastructure	Upgrade hospital infrastructure to improve patient capacity and the quality of services	Enhanced access to healthcare services	Bed occupancy rate. Percentage increase in outpatient and inpatient capacity	Average of 93% Increase in bed capacity to 246 from 160
Service delivery	Improved quality of clinical service	Reduced length of hospital stay Reduction in mortality rates	Length of hospital stay Mortality rates Mortality audits Waiting time for both emergency and elective theatre cases Turnaround time in OPD	Average length of stay- 5 days Average Mortality rate- 6.3% Maternal, Surgical (ENT) audits conducted and reported within at least 72 hours of occurrence
Health products, Vaccines and Technologies	Provision of safe and appropriate medication Provision of other health products and vaccines		Drug availability Stock outs	Average of 61% drug availability Average stock out rate of 25% for non-pharmaceuticals No stocks outs of vaccines in the maternal and child health unit except for Rotavirus
Health Research	Enhance research within the facility	Clinical decision making based on accurate, local data	Number of peer reviewed publications	Currently none
Human Resources for Health	Maintain a well-trained, motivated, and adequately staffed healthcare workforce to meet patient care demand	Better patient care due to staff satisfaction and motivation	Number of staff with specialised training	12 Specialists consultants 1 Physician undergoing Cardiology fellowship training 1 General surgeon undertaking Surgical Oncology training 1 Clinical Officer undertaking Higher Diploma in Cardiology

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			Number of Continuous Medical Education (CME)	Weekly hospital CMEs
Health Information	Automate medical records	Reduction in medical errors Enhanced patient data accessibility across departments	Number of clinics, departments automated	Pharmacy, Outpatient department, Eye and ENT clinics automated
Health Financing	Provide adequate and timely resources to facilitate service delivery	Uninterrupted service delivery	Amount of revenue generated by the hospital Diversify revenue generation	Kshs 278,095,534 5 % reduction in out of pocket, 24% increase in NHIF/SHA and 76% increase in other insurances
Leadership & Governance	Strengthen the leadership framework to enhance decision making and service delivery	Improved efficiency, and stakeholder confidence in hospital leadership	Number of board meeting with full attendance	4 Hospital board meetings

8. Corporate Governance Statement

The current hospital board of management was appointed and gazetted on the 11th of December 2023, inaugurated in December 2023 and inducted in January 2024.

Three full board meetings have been held with full attendance by the board members.

The process of appointment, remuneration and conduct is as guided by Laikipia County Health Services Act, 2014, the Constitution of Kenya and other relevant laws. Board appointments are made in line with Section 9 (1) of the Laikipia County Health Services Act, 2014 and other enabling legislation. The board is in the process of developing a board charter.

The functions of the Board as specified in Section 10 of the Laikipia County Health Services Act, 2014, are as follows:

The Board shall be responsible for-

- a. Providing oversight over the administration of the hospital.
- b. Promoting the development of the hospital.
- c. Approving plans and programs for implementing county health strategies in the hospital.
- d. approving budgetary estimates before submission to the Executive Member.
- e. carrying out any other function assigned by the Executive Member.

Terms of Reference (ToRs) for the board and the committees were developed and adopted.

The board has three active committees as listed below:

- i. Finance, Administration and Human Capital
- ii. Quality Assurance, Health and Safety
- iii. Audit and Risk Management

Finance, Administration and Human Capital Committee

Regarding its oversight responsibilities for each of the topics below, the FAHC Committee shall:

1. Finance and Procurement

- a) Review the Hospital's annual budget before submission to and after approval by the County Assembly, through the County Department of Health and the County Executive Committee
- b) Review quarterly Financial Monitoring Reports (FMR) or equivalent prepared by the management.
- c) Review periodic operational budgets and financial statements
- d) Monitor the continuing efficacy of accounting and internal control
- e) Ensure compliance with the Government financial management regulations
- f) Review the annual procurement plans for projects, including the external funded projects
- g) Provide oversight and advice on a policy framework for the conduct of the Hospital's financial activities

- h) Review and make recommendations to the Board concerning multi-year financial goals including those arising from the Hospital long-term capital expenditure planning activities.
- i) Guide the development and maintenance of financial health indicators for the Hospital that can assist the Committee with its responsibilities for long-term financial planning and related oversight.
- j) Review, at least once annually, financial statements pertaining to capital expenditures.
- k) Review the annual Audited Financial Statements for the hospital and provide recommendations and/or comments to the Audit, Risk and Compliance Committee.

2. Advise on Governance Policies and Procedures

- a) Periodically review governance-related policies, including terms of reference for standing committees and recommend amendments to the Board.
- b) Advise on and approve programs for the orientation and ongoing education and development of Board members and monitor the implementation of such programs from time to time.
- c) Develop, implement and monitor procedures for assessing the effectiveness of the Board, its standing committees and individual members.

3. Human Resources and Remuneration

- a) Oversee and review processes for succession, terms and conditions of employment, and compensation of hospital-employed staff, and report to the Board.
- b) Monitor and advise on policies pertaining to the search, appointment, annual review and compensation framework of hospital-employed staff.
- c) Report to the Board, as required, on the Hospital's compliance with employment-related legislation.
- d) Complete periodic self-assessments on the effectiveness of the Committee against its mandate and report these results to the Board.
- e) Periodically review the Committee's mandate and update as required.
- f) Perform any other activities consistent with the Committee's mandate, other rules and regulations, and governing laws, as the Committee or the Governing Council deems necessary or appropriate.
- g) Periodically review the hospital management structure, and make recommendations to the board

Quality Assurance, Health and Safety (QAHS) Committee

The oversight responsibilities for the QAHS Committee are as listed below:

- a) Development and implementation of Quality Strategy and Priorities and Quality Improvement Plan.
- b) Review of data and trends in patient safety, experience and outcomes to provide assurance to the Board as appropriate at the discretion of the Committee.
- c) Review operation of the Hospital Clinical Governance systems and processes to:

- promote safety and excellence in patient care.
 - identify, prioritize and manage risk arising from clinical care on a continuing basis.
 - ensure the effective and efficient use of resources through evidence-based clinical practice.
- d) Develop actions to mitigate quality and safety risks on the Risk Register in line with the Board's risk appetite.
- e) Promote a culture of open and honest reporting of any situation that may threaten the quality of patient care.
- f) Compliance with relevant national standards and regulatory requirements.
- g) Oversight on quality and safety related national reviews, accreditation or regulatory inspections including assurance regarding the preparation and implementation of associated action plans.
- h) Ensure that there is continuous improvement in the standard of quality and safety across the whole organization – continuously monitored through the Healthcare Standards and to ensure all reasonable steps are taken to prevent, detect and rectify irregularities or deficiencies in the quality and safety of care provided.

The Audit and Risk Management Committee assists the Board in its oversight of:

- a. The financial reporting process to ensure the transparency and integrity of financial reports.
- b. The effectiveness of the Hospital's internal control and risk management environment
- c. The Risk Management Framework
- d. The independent audit process as it relates to the hospital, including reviewing the audit reports from the Office of the Auditor General
- e. The effectiveness of the internal audit function, once established in the hospital
- f. The Hospital's compliance with legal, statutory and regulatory requirements, including requirements regarding health and safety.
- g. The Committee has the authority to request any investigation appropriate to fulfilling its responsibilities in the hospital.

**9. Management Discussion and Analysis
Clinical/operational performance**

- *Bed capacity of the hospital: 246-220 beds and 26 cots*

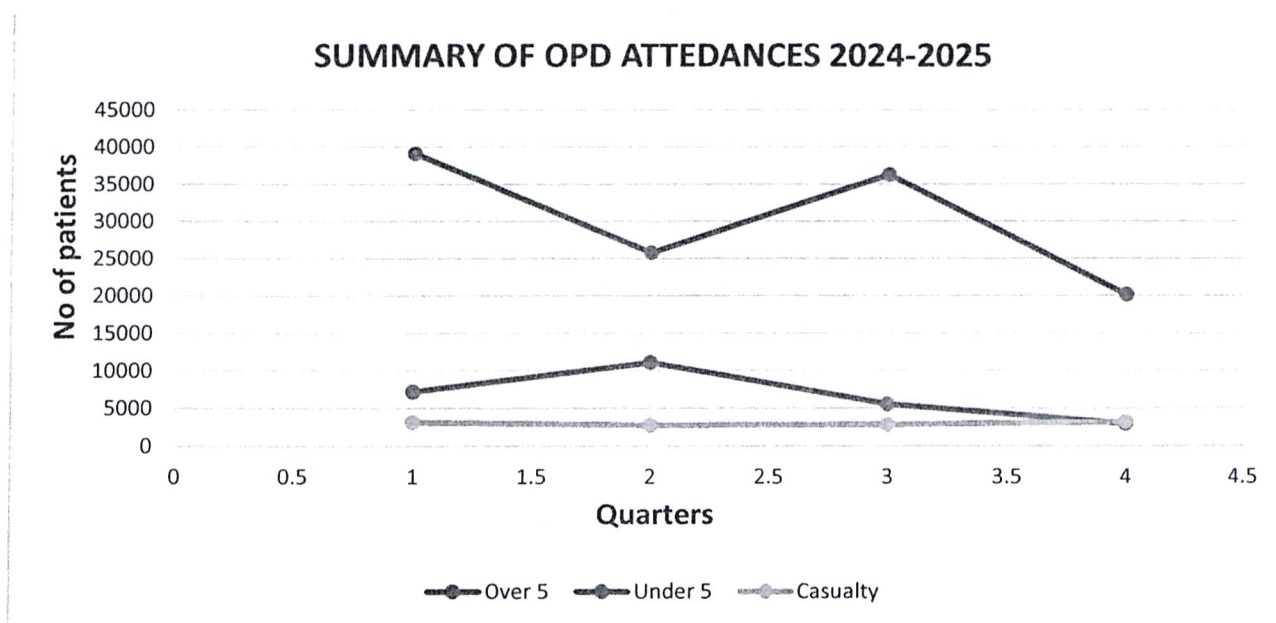
Number of Outpatients - 159649

Number of inpatients - 11140

Number of maternal deliveries - 4555

Summary of OPD Attendance for the FY 2024/2025

OPD ATTENDANCE	Q1	Q2	Q3	Q4	Total
Over 5	39127	25746	36271	20139	121283
Under 5	7171	11062	5502	2894	26629
Casualty	3121	2714	2788	3114	11737
Totals	49419	39522	44561	26147	159649



There was a decrease in number of outpatient's reporting compared to the last financial year due to

- *implementation of the new of the EMR system since clinical encounters were not sufficiently captured. Training through CMEs are ongoing.*
- *SHA/SHIF regulations requiring attendance in level 3 and below facility, and unclear guidelines to the patients e.g. choosing hospital for outpatient services and etc.*

*Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Summary of inpatient for the FY 2024/2025

Wards	Beds	Cots	Admissions	Discharges	Deaths	Absconders
Medical Male Ward	36	0	1592	1086	191	13
Medical Female Ward	19	0	987	985	181	1
Maternity Ward	54	0	4720	4633	3	1
Paediatric Ward medical	27	4	939	956	68	9
Nursery/Neonatal Ward	4	22	1229	1161	125	0
Surgical paediatric	11	0	356	361	8	0
Surgical Female	16	0	424	422	42	1
Surgical Male	32	22	893	883	60	14
Gynaecology Ward	16	0	379	376	4	4
Amenity	5	0	10	7	0	0
Totals	220	26	11529	10870	682	43

Specialized Clinics attendance summary for the FY 2024/2025

Specialized Clinic	New clients	Re-visits	Totals
ENT clinic	2079	1248	3327
Eye Clinic Attendance	5456	2396	7852
TB and Leprosy attendance	2548	1525	4073
Comprehensive Care Clinic (CCC)	85	6087	6172
Psychiatry Attendance	809	3111	3920
Orthopaedic Clinic Attendance	357	1652	2009
Occupational Therapy Attendance	563	2338	2109
Physiotherapy Attendance	659	6297	6956
Surgical Clinics Attendance	1136	4030	5166
Paediatric Attendance	226	1983	2209
Gynaecology Attendance	567	1424	1991
Obstetrics attendance	224	2283	2507
Nutrition Clinic	6988	15903	22891
Medical clinic attendance	904	7623	8527
Dental	1557	588	2145
Renal	36	2685	2721
Totals	22637	61173	85367

TOTAL NUMBER OF MATERNAL DELIVERIES FOR THE MONTHS JAN-MARCH

	Q1	Q2	Q3	Q4	TOTAL
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*Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Normal deliveries	853	846	734	759	3192
Caesarean section	346	321	280	280	1227
Breech deliveries	11	4	6	11	32
Assisted vaginal deliveries	0	2	0	0	2
Totals	1210	1173	1020	1050	4453

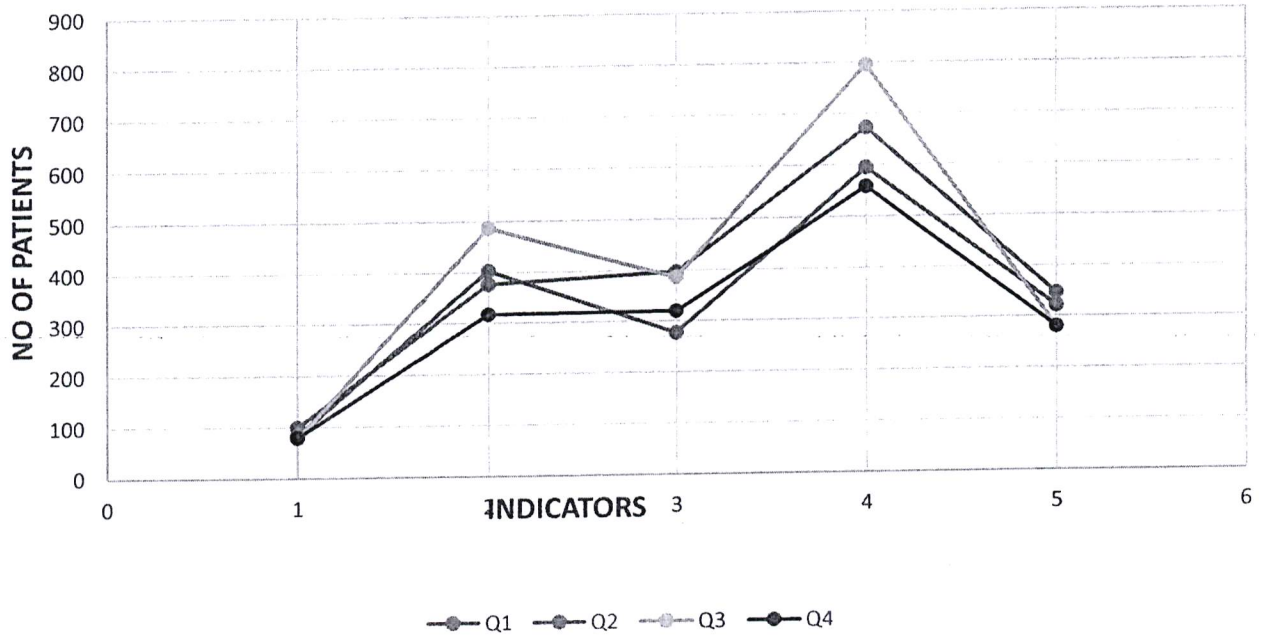
Summary of key indicators for the year FY 2024/2025

Indicator	Q1	Q2	Q3	Q4	Average
Average length of stay (Days)	6	7	6	7	7
Bed Occupancy rate (%)	85%	84.3%	83%	94%	86.6%
Mortality rate (%)	6	7	5.7	6	6.2

Summary of surgical theatre utilisation for the FY 2024/2025

Indicators	Q1	Q2	Q3	Q4	Totals
Minor surgeries operated	100	83	77	80	340
Emergencies Operated	376	403	487	317	1583
Cold surgical cases	397	277	386	319	1379
Major surgeries	673	595	796	558	2622
Caesarean Section	346	321	280	280	1227
Totals	1892	1679	2026	1554	7151

SURGICAL THEATRE UTILIZATION SUMMARY 24/25



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Nyahururu County Referral Hospital is committed to delivering sustainable healthcare services that address current needs without compromising future generations. The hospital's sustainability strategy focuses on improving healthcare outcomes while minimizing environmental impact, optimizing resource use, and ensuring financial and operational sustainability.

ii) Environmental performance

NCRH is committed to providing a quality service in a manner that ensures a healthy and safe workplace for employees, patients and the whole community, and minimize our potential impact on the environment. The facility operates in compliance with the relevant environmental legislation, and we strive to use pollution prevention and environmental best practices in all we do.

The following efforts have been put in place to reduce environmental impact and manage biodiversity:

- Consideration of environmental concerns and impacts in our decision making
- Promoting environmental awareness among our employees and encourage them to work in an environmentally responsible manner
- Continuous training of our employees about environmental issues that may affect their work
- Reducing waste through re-use and recycling and by purchasing recyclable products where this alternative is applicable.
- Promoting efficient use of materials and resources throughout our facility including water, electricity and raw materials and other resources particularly those that are non-renewable.

Despite these measures we have a few shortcomings as listed:

- Energy efficiency: Green energy yet to be adopted such as use of solar panels for lighting and water harvesting and recycling in areas such as sanitation.
- Infrastructure Limitations: areas such as waste management systems require further upgrades to meet rising healthcare demands

iii) Employee welfare

The hospital has an established HR recruitment and management policy outlining diversity and equality, fair compensation and disciplinary processes as guided by the relevant legislations and policies. A staff welfare committee is in place.

To foster professional growth and retain skilled employees, we place a strong emphasis on continuous skills development. Our efforts include:

- Weekly Continuing Medical Education (CME) to improve patient care by learning new techniques and technologies that benefit the patient and enhance their skills as medical professionals
- Sponsoring employees for health-oriented seminars. This is an opportunity the facility gives to its employees for extensive training for adopting latest health technologies and innovation and having an up-to-date health related knowledge.

Through the hospital board of management, a process has been initiated to recognise and award staff who demonstrate exceptional performance on a monthly and annual basis.

The safety of our staff is paramount. Our key safety measures include:

- Safe storage, pick up and disposal of hazardous waste generated in the hospital.
- Encouragement of employees to report Occupational safety and health hazards identified in the course of their work.
- Continuous training on workplace safety and practices.
- Communication of the policy to staff and stakeholders.
- Ensuring safe handling and use of hazardous materials.

iv) Market place practices-

a) Responsible competition practice.

The hospital has zero tolerance to corruption. The hospital collaborates with other health institutions on different areas to ensure continuity of care. For instances; patients' referrals, consultations and trainings. Tendering process has remained open and competitive in line with relevant legislations.

b) Responsible Supply chain and supplier relations

The Hospital adheres to Public Procurement and Asset Disposal ACT (PPDA), 2015 and Public Finance Management Act, 2012. The hospital endeavours to pay suppliers within the agreed credit period. However, delays have been experienced due to inadequate funding and exchequer delays.

c) Responsible marketing and advertisement

The hospital has an active communication unit and a vibrant social media presence. Plans are underway to have an institutional website.

d) *Product stewardship*

The hospital carried out a patient satisfaction survey focusing on the outpatient services and the issues raised are being addressed.

v) *Corporate Social Responsibility / Community Engagements*

On November 17, 2023, NCRH joined the global community in commemorating World Prematurity Day. Our Newborn Unit (NBU) team organized a T-shirt sale, with proceeds directed towards procuring essential medications for premature infants in need.

On March 3 2024, NCRH participated in World Hearing Day by inviting various stakeholders to raise awareness about the importance of sign language interpreters for hearing-impaired clients. This initiative highlighted the crucial role effective communication plays in ensuring accessibility and inclusivity within healthcare.

On May 17, in recognition of World Hypertension Day, NCRH focused on educating the public about the vital need for early monitoring of blood sugar and hypertension. The campaign emphasized that early detection and lifestyle modifications can significantly prevent serious health complications.

Later, on May 19, NCRH celebrated World Kidney Day by hosting a free medical camp in Nyahururu Town. Community members received complimentary blood sugar and hypertension screenings, reinforcing our commitment to proactive healthcare and community well-being.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of Nyahururu County Referral Hospital affairs.

Principal activities

The principal activities of the entity are:

- a. To provide quality, accessible and affordable health care services
- b. To Facilitate preventive, promotive and rehabilitative services to the community
- c. To provide training to different health professionals
- d. To conduct research in diverse public health fields

Results

The results of the entity for the year ended June 30 2025 are set out from pages **xvi** to **xviii**

Board of Management

The members of the Board who served during the year are shown from pages **vi** to **xiii** During the year, no director(s) retired/ resigned.

Auditors

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

By Order of the Board



Dr. Lawrence N. Kamande

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the Facility Improvement Financing Act, 2023, requires the Board of Management to prepare financial statements in respect of Nyahururu County Referral Hospital, which give a true and fair view of the state of affairs of Nyahururu County Referral Hospital at the end of the financial year/period and the operating results of Nyahururu County Referral Hospital for that year/period. The Board of Management is also required to ensure that Nyahururu County Referral Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Nyahururu County Referral Hospital. The council members are also responsible for safeguarding the assets of Nyahururu County Referral Hospital.

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of Nyahururu County Referral Hospital for and as at the end of the financial year ended on June 30, 2025.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) Safeguarding the assets of Nyahururu County Referral 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 Nyahururu County Referral Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Nyahururu County Referral Hospital financial statements give a true and fair view of the state of Nyahururu County Referral Hospital transactions during the financial year ended June 30, 2025, and of Nyahururu County Referral Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Nyahururu County Referral Hospital, which have been relied upon in the preparation of Nyahururu County Referral 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 Nyahururu County Referral 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 28th August, 2025 and signed on its behalf by:

.....

Dr. Linus Ndegwa, PhD (Epi)
Chairperson
Board of Management



Dr. Lawrence N. Kamande
Accounting Officer

REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NYAHURURU COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF LAIKIPIA

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 Nyahururu County Referral Hospital – County Government of Laikipia set out on pages 1 to 32, which comprise of

Report of the Auditor-General on Nyahururu County Referral Hospital for the year ended 30 June, 2025 – County Government of Laikipia

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyahururu County Referral Hospital at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Laikipia Health Services Act, 2014.

Basis for Qualified Opinion

1. Errors and Inaccuracies in the Financial Statements

Review of the financial statements revealed the following errors and omissions;

- i. The table of content under the report of independent auditor shows error instead of the page number.
- ii. The board of directors did not indicate the age of all the directors, some of the directors had their pictures, and qualifications missing.
- iii. The Board of Management chairperson did not sign the various relevant sections of the financial statements report.
- iv. The statement of financial performance notes numbering did not correspond with the numbering on the Notes to the financial statements.
- v. The statement of financial performance balances for rendering of services- medical services income and medical/clinical costs balances of Kshs.326,596,507 and Kshs.219,059,188 were at variance with the notes to the financial statements balances of Kshs.342,121,332 and Kshs.218,908,083 by Kshs.15,524.825 and Kshs.151,105 respectively. No reconciliations were provided for the variances.
- vi. Statement of financial position reflects the following items;

Description Assets	Note	2024/2025 (Kshs.)	2023/2024 (Kshs.)
Non-current assets			
Property, plant, and equipment	13	90,628,693	26,079,239
Intangible assets	14	-	2,178,750

However, the notes to the financial statements were missing.

- vii. Statement of cash flows reflects cash and cash equivalents balance of Kshs.29,507,643 while statement of financial position reflects a balance of Kshs.29,426,963 leading to an unexplained variance of Kshs.80,680.
- viii. Statement of changes in net assets reflects capital fund as at 30 June, 2025 of Kshs.868,460,570 while the statement of financial position reflects a balance of Kshs.484,351,104 for the same item resulting to an unexplained variance of Kshs.384,109,466.
- ix. Statement of comparison of budget and actual amounts reflects original and final budget total receipts balance of Kshs.370,396,120 while a recast of the same items resulted to new balance of Kshs.399,377,964 resulting to an unexplained variance of Kshs.28,981,844.
- x. Note 9 on the statement of financial performance reflects general expenses balance of Kshs.52,221,923 while a recast of the balance resulted to a new balance of Kshs.51,971,923 resulting to an unreconciled variance of Kshs.250,000.

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

2. Unexplained Variance and Long-Outstanding Trade and Other Payables

The statement of financial position and Note 15 to the financial statements reflect trade and other payables amounting to Kshs.216,730,662 as at 30 June, 2025. However, the ageing analysis provided during the audit reflected total payables of Kshs.364,274,338, resulting in an unexplained variance of Kshs.147,543,676. Further, examination of the ledgers revealed that the reported payables balance of Kshs.216,730,662 had been outstanding for more than one (1) year, and no explanation or justification was provided for Management's failure to settle the obligations as a first charge during the period under review. This is contrary to Section 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires Accounting Officers to prioritize debt service payments as a first charge to avoid defaulting on obligations.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.216,730,662 could not be confirmed.

3. Non-Disclosure of Rental Income

The statement of financial performance and Note 3 to the financial statements reflect revenue from exchange transactions amounting to Kshs.326,596,507, relating to medical service income. However, audit inspection of the Hospital revealed that there were three (3) rental shops within the Hospital compound generating rental income payable to the Hospital. No rental income was disclosed in the financial statements.

Further, Management did not provide lease or tenancy agreements to determine rental terms, amounts payable, or the duration of tenancy. In addition, no procurement or allocation documentation was provided to show how the tenants were identified or

whether the shops were allocated through a competitive and transparent process as required under the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the regularity, accuracy and completeness of revenue from exchange transactions amounting to Kshs.326,596,507 could not be confirmed.

4. Long Outstanding Accounts Receivables

Statement of financial position and as disclosed in note 12 to the financial statements reflect receivables from exchange transactions of Kshs.48,500,973. Included in this amount is Kshs.369,843 in respect to receivables from Kenya Alliance Insurance Company that had been outstanding for over 5 years. However, Management did not demonstrate any measures instituted to recover the money from Kenya Alliance Insurance Company. Further, the ageing analysis for the receivables was not provided for audit review.

In the circumstances, the recoverability of receivables from exchange transactions of Kshs.369,843 could not be confirmed.

5. Property, Plant and Equipment

The statement of financial position and as disclosed in noted 13 to the financial statements reflect property plant and equipment balance of Kshs.90,628,693. The schedule of property plant and equipment was not included in the financial statements to disclose the breakdown of Kshs.90,628,693. Further, the following anomalies were noted;

- i. During the year under review, the Management of Nyahururu County Referral Hospital did not maintain a fixed asset register that is current and accurate. Asset register did not include updated figures for original cost, depreciation amount, net book values, serial numbers and tag numbers.
- ii. Ownership documents for the land on which the Hospital is built and motor vehicle log books were not provided for audit review.
- iii. Audit inspection carried out in November, 2025 of sampled computers and other equipment revealed that the assets were not tagged.
- iv. The Hospital has not conducted a comprehensive valuation and verification of its assets, including buildings, medical equipment, furniture, and motor vehicles. Consequently, a significant portion of the hospital's fixed assets remains unrecognized in the financial statements.
- v. It was further revealed that although the Hospital initially adopted accrual-based IPSAS reporting and the three-year transitional relief period has lapsed, no subsequent valuation exercise or full recognition of property plant and equipment has been undertaken to comply with IPSAS 17 and 33 requirements.

In the circumstances, the accuracy and completeness of property plant and equipment balance of Kshs.90,628,693 could not be confirmed.

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

Material Uncertainty Related to Going Concern

As previously reported, the statement of financial position reflects current assets of Kshs.121,257,662 and current liabilities of Kshs.216,730,662, resulting in a negative working capital of Kshs.95,473,000. Further, the statement of financial performance for the year ended 30 June, 2025 discloses total revenue of Kshs.787,534,731 against total expenditure of Kshs.891,277,905 comprising operating expenses of Kshs.854,751,187 and a medical services contract loss of Kshs.36,526,718, resulting to a deficit of Kshs.103,743,173 for the year under review.

These conditions indicate that the Hospital may be unable to meet its financial obligations as they fall due and may be technically insolvent based on its negative working capital position. As a result, a material uncertainty exists that may cast significant doubt on the Hospital's ability to continue as a going concern.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects final revenue budget and actual on comparable basis amounting to Kshs.370,396,120 and Kshs.307,077,378 respectively resulting to a shortfall of Kshs.63,318,742 or 17% of the approved budget. Similarly, the Hospital spent Kshs.265,475,037 against the actual receipts of Kshs.307,077,378 resulting to under absorption of Kshs.41,602,341 or 14% of the actual receipts.

The shortfall in receipts and the under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year's Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Nyahururu County Referral Hospital in 2024/2025 revealed that the following matters remained unresolved;

	Audit Issue
1	Inaccuracies in the Financial Statements
2	Variances Between the Ledger Balances and the Stock Taking Report
3	Undisclosed Cash and Cash Equivalents
	Unsupported Plant and Medical Equipment
4	Material Uncertainty Related to Sustainability of Service
	Budgetary Control and Performance
5	Procurement of Medical Supplies from Non-Registered Pharmaceutical Supplier
6.	Procurement of Pharmaceuticals Products from Suppliers at Higher Unit Price than KEMSA and the Prevailing Market Prices
7.	Non-disclosure and Under-utilization of Managed Equipment Services (Leased Equipment)
8.	Lack of Inspections and Audits of Pharmaceuticals Department and Stocking Levels
9.	Outstanding Debt and Blacklisting of Nyahururu County Referral Hospital
11	Long Outstanding Trade and Other Payables
12	Lack of Updated Asset Register
	Lack of an Internal Audit Function
13.	Lack of Policy Documents
14.	Unsurrendered Imprest

Other Information

The Hospital Board of Management is responsible for the Other Information set out on page iii to xxxvii, which comprises the Key entity information and management, The board of management the Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against the Predetermined Objectives, Corporate Governance statement, Management team discussion and analysis, Environmental and sustainable reporting, Report of the Board of Management, and the Statement of the Board of Managements' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Facilities Improvement Financing Act, 2023

Audit review revealed that the Hospital did not operate a designated FIF bank account, did not retain all own-source revenues, and incurred expenditures without authorized AIEs, contrary to Sections 5 and 20 of the Facilities Improvement Financing (FIF) Act, 2023. The Hospital did not provide evidence of an operational FIF account. Further, no Authority-to-Incur-Expenditure (AIEs) were provided for payments made during the 2024/2025 financial year, and expenditure were incurred without the mandatory written authorization from the Chief Officer as required under Section 20(2).

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

2. Irregularities in Supply and Delivery of Hospital Files

The statement of financial performance and as disclosed in Note 4 to the financial statements reflect total medical/clinical costs of Kshs.219,059,188. Included in this amount is Kshs.4,277,355 with respect to medical/clinical costs which further includes Kshs.982,758 paid to a local supplier for the supply and delivery of hospital files through a call off contract entered on 20 September, 2024. However, review of the payment voucher and other attached documents revealed that the contract between the hospital and the supplier exceeded one (1) year. However, value for money assessment was not done contrary to Section 114 (2) of the Public Procurement and Asset Disposal Act, 2015 which requires that framework agreements exceeding one year must be subjected to an

annual value-for-money review to confirm the continued competitiveness of the contract terms.

In the circumstances, the value for money of Kshs.4,277,355 for the supply and delivery of hospital files could not be confirmed.

3. Irregular Procurement of Pharmaceutical and Non-Pharmaceutical Supplies

The statement of financial performance and Note 4 to the financial statements reflect medical/clinical costs of Kshs.219,059,188. Included in this amount is Kshs.114,647,638 for dressing and non-pharmaceutical supplies and Kshs.22,914,519 for pharmaceutical supplies, out of which Kshs.10,794,814 was paid to various suppliers. However, review of the payment vouchers and supporting documentation revealed the following anomalies;

- i. The Hospital procured all pharmaceutical and non-pharmaceutical items from private suppliers instead of obtaining them from KEMSA. No evidence was provided to confirm that the required items were unavailable at KEMSA.
- ii. Management indicated that the procurements were made under framework agreements entered into by the County Government of Laikipia; however, no framework agreements were availed for audit. As a result, the validity of these contracts, including whether the three-year maximum contractual period had expired as required under Section 114(2) of the Public Procurement and Asset Disposal Act, 2015, could not be confirmed.
- iii. The Hospital did not provide a list of prequalified suppliers with whom framework agreements had been signed, contrary to Section 114(1)(c) of the Public Procurement and Asset Disposal Act, 2015, which requires that open tendering be used to establish framework agreements and that a minimum of seven suppliers be included in each category.

In the circumstances, value for money in the procurement of pharmaceutical and non-pharmaceutical supplies amounting to Kshs.22,914,519 could not be confirmed.

4. Weaknesses in the Management of Drugs

Audit review of the hospital's medical stores revealed the following anomalies:

- i. Presence of Expired Drugs - Verification of medical supplies showed that several pharmaceutical items including GeneXpert cartridges (500 pieces) and emergency pills (10 boxes), had expired but were still stored in the main pharmacy. The value of the expired drugs could not be determined as the hospital did not maintain records indicating batch numbers, delivery dates, or expiry tracking. Further, no documentation was provided to show that the Hospital had initiated the disposal process.

- ii. Lack of Policy on Handling Expired Pharmaceuticals - The Hospital did not have a documented policy governing the identification, segregation, storage, and disposal of expired drugs. This is contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015, which requires the Accounting Officer to establish a Disposal Committee to oversee the disposal of unserviceable, obsolete, or surplus stores, equipment, and assets.
- iii. Absence of Valuation of Expired Stock - Management did not provide the value of the expired drugs. Consequently, it was not possible to determine the financial loss incurred or assess the impact on inventory balances.

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

5. Anomalies in Laboratory Operations

Audit inspection undertaken on 6 November, 2025 at the facility laboratory revealed that the laboratory staff did not maintain a register/bin cards for all supplies received and dispatched for usage. Collections from the store could not be confirmed to have reached the laboratory contrary to Section 162(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

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

6. Irregularities in the Procurement of Food Stuffs

The statement of financial performance and Note 4 to the financial statements reflect medical/clinical costs of Kshs.219,059,188, which include food and ration expenditure of Kshs.34,512,901. Included in this amount is Kshs.2,262,302 paid to a local supplier for foodstuffs. However, audit review of the professional opinion dated 20 June, 2023 showed that six (6) suppliers had been recommended by the Laikipia County Government Head of Procurement for the supply of foodstuffs to Nyahururu Hospital. Despite this, the Hospital did not provide the framework agreement supporting the engagement of the supplier, contrary to Section 114 of the Public Procurement and Asset Disposal Act, 2015, which requires procuring entities to maintain valid framework agreements for such procurements.

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

7. Non-Compliance With the Persons with Disabilities Act, 2003

The statement of financial performance and as disclosed in Note 5 to the financial statements reflect an amount of Kshs.560,833,920 with respect to employee costs. Review of the staff biodata revealed that during the year, the Nyahururu County Referral Hospital had a total of two hundred forty-four (244) employees, out of which the Hospital

had only one (1) person with disability, which translates to 0.004% contrary to Section 13 of the persons with Disabilities Act, 2003 on Rights and Privileges of Persons with Disabilities which requires the Hospital to implement the principle that at least five (5) percent of all appointments are for persons with disabilities.

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

8. Lack of Essential Medicine at the Facility

Audit comparison of the Kenya Quality Model for Health (KQMH) list of essential medicines as required for the level 4 hospitals, against what was in stock held by the hospital indicated that some essential medicine was not stocked contrary to Appendix 2 of the Ministry of Health's Checklist for Assessing Quality of Healthcare on Essential Medicines which stipulates the medicines that must be available in the Level 4 hospitals in Kenya, as detailed in table below;

	Level 4 Facility - Essential Medicines	Status
1	Cap Amoxicillin	Not Stocked
2	Syr Amoxicillin 125mg/5ml	Not Stocked
3	Tab Cotrimoxazole 480mg	Not Stocked
4	Tab Chlorpheniramine 4mg	Not Stocked
5	Inj Hydrocortisone 100mg/ml	Not Stocked
5	Oral rehydration salt 500ML/satchet	Not Stocked
6	Tetracycline eye ointment 1%	Not Stocked

Management did not provide an explanation on why the Hospital had not stocked the essential drugs or indicated the alternative drugs stocked in place of the requirement. In the circumstances, Management was in breach of the law.

9. Irregular Granting of Patient Waivers and Exemptions

Audit review revealed that the Hospital granted waivers and exemptions totaling Kshs.14,544,773 to patients who applied for waivers, were vetted by a social worker, and approved by a waiver committee. However, the Waiver Committee was not formally appointed by the relevant authority, and its mandate and functions were not clearly defined. In addition, waivers were recommended without a documented and objective framework to assess patients' eligibility and need, thereby weakening transparency and consistency in the process. Further, there was no evidence that the waivers were authorized by the County Executive Committee Member for Finance as required under Section 159 of the Public Finance Management Act, 2012, which vests the authority to waive county fees and charges in the Chief Executive Committee Member for Finance based on prescribed criteria.

In the circumstances, the regularity and propriety of the waivers and exemptions amounting to Kshs.14,544,773 could not be confirmed.

10. Loss from Comprehensive Care Contracts with Social Health Authority (SHA)

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect medical services contract losses of Kshs.36,526,718. Included in this balance are losses from comprehensive care contracts with the Social Health Authority (SHA) amounting to Kshs.21,981,945. The losses were computed by comparing the total costs incurred by the hospital in providing medical services to Social Health Authority (SHA) - covered patients against the refunds received from the Fund.

In the circumstances, provision of medical services by the facility to the SHA-covered patients whose expenses are not fully covered by the refunds exposes the Hospital to financial distress and thus affects the quality of services and sustainability of services.

11. Non-Compliance with Requirements of the Kenya Quality Model for Health Guidelines

Verification of services offered, equipment used and number of members of staff at the Hospital revealed that, the Hospital operated with inadequate staff and equipment as detailed below;

Staff Requirements	Level 4 standard	Number in Hospital	Variance
Anesthesiologist	2	1	1
Gynecology	2	1	1

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance
Resuscitative (2 in labor & 1 in theatre)	3	2	1
New born unit incubators	10	8	2
New born unit cots	5	0	5
Functional ICU beds	6	0	6
High Dependency Unit (HDU) Beds	6	0	6

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right of health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

12. Non-Compliance with Data Protection Requirements

Audit review established that the Hospital had not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller and data processor, despite actively collecting, processing, and storing personal data of staff, service providers and patients during the year under review. This was contrary to Section 18(1) of Data Protection Act, 2019 which requires that no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

13. Non-Compliance with Staff Ethnic Diversity Requirement

Review of June, 2025 payroll revealed that the Hospital had a total staff of two hundred and forty-four (244) employees, out of which the dominant ethnic community had one hundred eighty-six employees (186) equivalent to (76%) accounting for more than one third of the total staff contrary to Section 7(2) of the National Cohesion and Integration Act, 2008.

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

14. Non-Adherence to Gender Rule

The statement of financial performance and as disclosed in note 5 to the financial statements reflects an amount of Kshs.560,833,920 with respect to employee costs. However, review of the staff biodata revealed that as at 30 June, 2025 the Hospital had a staff establishment of Two hundred forty-four (244) employees. However, an analysis of the gender composition revealed that one hundred seventy-six (176) or 72.1% are male while the remaining sixty-eight (68) employees or 27.9% are female.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Key Policy Documents

Management did not provide evidence of essential policy documents, including a Strategic Plan, ICT policies, and a Risk Management Policy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015, which require Accounting Officers to develop risk management strategies, including fraud prevention mechanisms and internal controls that support robust and effective operations.

In the circumstances, the adequacy and effectiveness of the Institution's internal controls, risk management practices, and overall governance framework could not be confirmed.

2. Loss of Revenue Due to Rejected Social Health Authority (SHA) Claims

The statement of financial performance and Note 3 to the financial statements reflect medical service income of Kshs.326,596,507. However, records provided for audit indicated that the Hospital lost revenue amounting to Kshs.4,983,280 due to rejected claims by the Social Health Authority (SHA). A review of the SHA rejection reports revealed that the Hospital failed to submit the mandatory supporting documents required for claims processing. Despite receiving notifications and guidance from SHA, Management did not provide the required documents within the stipulated fourteen (14) day submission period, resulting in automatic rejection of the claims and consequent loss of revenue. No plausible explanation was provided for Management's failure to submit the required documentation.

In the circumstances, the effectiveness of internal controls over claims management and revenue assurance could not be confirmed.

3. Lack of Internal Audit Function

Review of the Hospital's governance and internal control systems revealed that the Hospital had not established an internal audit department, and no internal audit reviews were undertaken during the year under review. This is contrary to Regulation 153 of the Public Finance Management (County Governments) Regulations, 2015, which requires internal audit units to review and evaluate budgetary performance, financial management, transparency, accountability mechanisms, and internal controls in County Government entities. Further, the Hospital did not have an Internal Audit Committee in place to provide oversight, review audit reports, or recommend corrective actions on identified risks.

In the circumstances, the effectiveness of the Hospital's internal controls, risk management, and governance framework could not be confirmed.

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

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

Auditor-General's Responsibilities for the Audit

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

Report of the Auditor-General on Nyahururu County Referral Hospital for the year ended 30 June, 2025 – County Government of Laikipia

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

10 December, 2025

*Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Notes	2024/25	2023/24
		Kshs.	Kshs.
Revenue from non-exchange transactions			
In- kind contributions from the County Government	1	452,298,683	545,328,999
Grants from donors and development partners	2	8,639,541	
Total Revenue from non-exchange transactions		460,938,224	545,328,999
Revenue from exchange transactions			
Rendering of services- Medical Service Income	3	326,596,507	183,160,045
Total revenue from exchange transactions		326,596,507	183,160,045
Total revenue		787,534,731	728,489,044
Expenses			
Medical/Clinical costs	4	(219,059,188)	(324,331,669)
Employee costs	5	(560,833,920)	(480,303,146)
Board of Management Expenses	6	(508,700)	(180,000)
Depreciation and amortization expense	7	(4,959,884)	(6,118,552)
Repairs and maintenance	8	(17,167,571)	(12,520,404)
General expenses	9	(52,221,923)	(52,619,076)
Total expenses		(854,751,187)	(876,072,847)
Other gains/losses			
Medical services contracts Gains/Losses	10	(36,526,718)	(6,364,359)
Total other gains/(losses)		(36,526,718)	(6,364,359)
Surplus/(deficit) for the period		(103,743,173)	(153,948,162)

Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

The Hospital's financial statements were approved by the Board on 28th August, 2025 and signed on its behalf by:

.....
Dr. Linus Ndegwa, PhD
(Epi)

Chairman

Board of Management

.....
CPA Ngunjiri Nahashon
Wachiuri

Hospital Accountant

ICPAK No:32236



Dr. Lawrence Kamande

**CEO Nyahururu County &
Referral Hospital**

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

Description	Note	2024/25	2023/24
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	11	29,426,963	17,984,226
Receivables from exchange transactions	12	48,500,973	47,616,991
Inventories	13	31,493,563	34,332,915
Receivables From Non-Exchange Transactions	16	11,836,162	12,625,662
Total Current Assets		121,257,662	112,559,794
Non-current assets			
Property, plant, and equipment	13	90,628,693	26,079,239
Intangible assets	14	-	2,178,750
Total Non-current Assets		90,628,693	28,257,989
Total assets (A)		211,886,355	140,817,783
Liabilities			
Current liabilities			
Trade and other payables	15	216,730,662	282,884,494
Total Current Liabilities		216,730,662	282,884,494
Non-current liabilities			
Total Non-current liabilities		-	
Total liabilities (B)		216,730,662	282,884,494

*Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Net assets (A-B)		(4,844,307)	(142,066,711)
Revaluation reserve		-	-
Accumulated surplus/Deficit		(272,464,749)	(168,721,576)
Capital Fund		484,351,104	309,539,360
Total net assets and liabilities		211,886,355	140,817,784

(The notes on pages x to xx form an integral part of the Annual Financial Statements.)

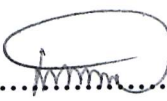
The Hospital's financial statements were approved by the Board on 28th August, 2025 and signed on its behalf by:

.....

**Dr. Linus Ndegwa, PhD
(Epi)**

Chairman

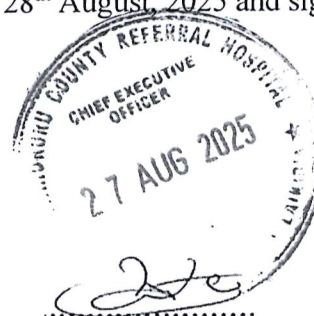
Board of Management

..... 

**CPA Ngunjiri Nahashon
Wachiuri**

Hospital Accountant

ICPAK No:32236



Dr. Lawrence Kamande

**CEO Nyahururu County &
Referral Hospital**

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

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus/deficit	Capital Fund	Total
		Kshs.	Kshs.	Kshs.	Kshs.
As at July 1, 2023 (previous year)			(14,773,414)	76,748,856	61,975,442
Revaluation gain					
Surplus/(deficit) for the year			(153,948,162)	309,539,360	155,591,198
As at June 30,2024(previous year)	-	-	(168,721,576)	386,288,216	217,566,640
Balance as at 1 July 2024(current year)		-	(168,721,576)	386,288,216	217,566,640
Adjustment for the intangible asset de- recognised during the financial year				(2,178,750)	(2,178,750)
Surplus/(deficit) for the year	-	-	(103,743,173)	484,351,104	380,607,931
At June 30,2025(current year)	-	-	(272,464,749)	868,460,570	598,174,571

Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

	Note	2024/25	2023/24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
In-kind contributions from the County Government			550,432,662
Rendering of services- Medical Service Income	2	278,095,534	128,872,190
Revenue collection from other County Health facilities banked in Nyahururu District Hospital Collect a/c	2	15,524,824	
Miscellaneous receipts(Equity bank refund)			
Total Receipts		293,620,358	679,304,852
Payments			
Medical/Clinical costs	3	(85,803,061)	(149,314,403)
Employee costs	4	(122,899,600)	(460,839,421)
Board of Management Expenses	5	(508,700)	(180,000)
Repairs and maintenance	7	(5,472,477)	(6,541,834)
General expenses	8	(43,631,123)	(36,615,734)
Finance Costs			
Refunds Paid Out			
Transfers from Nyahururu District Hospital Collect a/c to other County Health facilities' expenditure accounts		(16,621,904)	
Total Payments		(274,936,865)	(653,491,392)
Net cash flows from operating activities		(274,936,865)	(653,491,392)
Cash flows from investing activities			
Purchase of PPE & intangible assets		(7,160,076)	(9,495,436)
Net cash flows used in investing activities		(7,160,076)	(9,495,436)
Net increase/(decrease) in cash & cash equivalents		11,523,417	16,318,024
Prior Year Adjustment			
Cash And Cash Equivalents At 1 July 2024		17,984,226	1,666,202
Cash And Cash Equivalents At 30th June 2025		29,507,643	17,984,226

Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

17. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	28,981,844		28,981,844	28,981,844	-	100%
Receipts						
Rendering of services- Medical Service Income	370,396,120		370,396,120	278,095,534	92,300,586	75%
Total receipts	370,396,120		370,396,120	307,077,378	63,318,742	83%
Payments						
Medical/Clinical costs	159,000,000		88,457,523	85,803,061	2,654,462	97%
Employee costs	43,000,000		122,949,573	122,899,600	49,973	100%
Remuneration of directors	2,000,000		890,000	508,700	381,300	57%
Repairs and maintenance	29,700,000		8,075,906	5,472,477	2,603,429	68%
General expenses	81,496,120		45,953,996	43,631,123	2,322,873	95%
Total Operational Expenditure paid	315,196,120		266,326,998	258,314,961	8,012,037	97%
Capital Expenditure paid	55,200,000		7,362,076	7,160,076	202,000	97%
Surplus	-		96,707,046	41,602,341	55,104,705	43%

18. Notes to the Financial Statements

1. General Information

The Nyahururu county Referral Hospital was first established by the Colonial Government in 1928 targeting to serve mainly the natives. The Government of Kenya took over the facility in 1968 and later on during devolution the Laikipia County Government took over in 2011. Nyahururu County Referral Hospital has morphed over the years to a high-volume level 4 hospital serving clients from five counties.

The principal activity of this entity is to:

- Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the hospitals
- Support capacity building in the management of the hospital
- To give decision making autonomy to the hospital management committees, to plan and manage the resources within their control
- To improve the quality of health care services in the hospital.

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at revalued 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital.

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

2. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st 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 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

*Nyahururu County Referral Hospital (Laikipia County Government)
Annual Report and Financial Statements for The Year Ended 30th 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 1st 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"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

3. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

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.

b. Budget information

The original budget for FY 2023/2024 was approved by the County Assembly of Laikipia. 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 hospital recorded additional appropriations on the FY 2024/2025 budget following the Board's approval. The hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under these financial statements.

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.

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 eight 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 derecognition. 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

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or nominal consideration the asset is initially measured at its fair value. Some of the hospital property, plant and equipment were not recognised in the financial statements since their historical costs could not be verified due to lack of their purchase cost or their net realisable values ascertained; plans are on-going to assign reliable values. The hospital adopted the depreciation policy as per National Treasury, Kenya Guidelines for Management of Specific Categories of Assets and Liabilities of 2020. All the property, plant and equipment are depreciated using the straight-line method over their estimated useful life.

The annual rates used for each class of assets are:

Buildings	10%
Plant & Machinery	12.5%
ICT Equipment	30%
Intangible Assets	12.5%

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. The intangible assets have been depreciated using the straight-line method of depreciation in accordance with National Treasury, Kenya Guidelines for Management of Specific Categories of Assets and Liabilities of 2020.

h. 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.

i. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity

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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.

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.

Financial liabilities

Classification

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

j. 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.

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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.

k. 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.

l. 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.

m. 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.

n. 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.

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

p. 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.

q. Employee benefits

Retirement benefit plans

The hospital during the ended financial year has been meeting its obligation to make arrangements for the terminal benefits of the hospital contracted employees. This it has done through payment of the statutory deductions to National Social Security Fund.

r. Related parties

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

s. Service concession arrangements

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

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are measured at their fair value. To the extent that an asset has been recognized, the hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t. Cash and cash equivalents

Cash and cash equivalents comprise cash balance in the hospital pay bill account, un-surrendered imprests issued to authorised public officers and cash at bank. Bank account balances include amounts held 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 imp rests and advances to authorised public officers and which were not surrendered or accounted for at the end of the financial year.

u. Comparative figures

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

v. 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

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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. 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.

6. In Kind Contributions from The County Government

Description	2024/25	2023/24
	KShs	KShs
Salaries and wages	432,534,163	431,181,709
Pharmaceutical and Non-Pharmaceutical Supplies (other suppliers)	16,772,328	93,909,709
Medical supplies-Drawings Rights (KEMSA)	2,992,192	
Repairs And Maintenance		3,275,110
General Expenses		16,962,471
Total grants in kind	452,298,683	545,328,999

7. Grants From Donors and Development Partners

Description	2024/25	2023/24
	KShs	KShs
Salaries and wages (Stipend for UTJ staff attached to Nyahururu County Referral Hospital)	5,293,944	

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Global Fund Commodities (Anti-retroviral and Anti Tuberculosis Drugs closing stock as at 30.6.2025)	2,923,605	
Family Planning Products (closing stock as at 30.6.2025)	421,992	
Total grants from development partners	8,639,541	

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8. Rendering of Services-Medical Service Income

Description	2024/25	2023/24
	KShs	KShs
Pharmaceuticals	5,369,706	4,508,543
Non-Pharmaceuticals	4,025,935	3,482,370
Laboratory	9,370,160	6,915,740
Radiology	8,599,580	3,175,300
Orthopaedic and Trauma Technology	1,901,510	888,275
Theatre	7,143,370	16,673,825
Accident and Emergency Service	864,747	1,261,540
Ear Nose and Throat service	460,300	45,800
Nutrition service	80,900	68,600
Dental services	202,305	75,750
Reproductive health	197,740	15,712,190
Farewell home services	10,181,330	5,016,100
Ambulance services	1,217,700	
Eye Services	680,500	
Inpatient Services	206,903,301	
Medical Examination Fee	517,570	
Medical Legal Fee	100,000	
Outpatient Services	18,332,650	
Public Health/Waste Disposal	57,900	
Pyschiatry	13,500	
Records	609,480	
Student Attachment Fee	1,265,350	

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Other medical services income		78,088,864
Revenue collection from other County Health facilities banked in Nyahururu District Hospital Collect a/c	15,524,824	
Revenue receivable from NHIF/SHA and other insurances	48,500,973	47,247,148
Total revenue from the rendering of services	342,121,332	183,160,045

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9. Medical/ Clinical Costs

Description	2024/25	2023/24
	KShs	KShs
Dental costs/ materials	-	
Laboratory chemicals and reagents	(21,727,265)	(16,259,418)
Public health activities	-	
Food and Ration	(34,512,901)	(40,554,053)
Uniform, clothing, and linen	(8,132,750)	(27,651,480)
Dressing and Non-Pharmaceuticals	(114,647,638)	(123,493,696)
Pharmaceutical supplies	(22,914,519)	(70,140,547)
Health information stationery	(4,277,355)	(5,462,160)
Reproductive health materials	-	
Sanitary and cleansing Materials	(4,645,560)	(9,391,180)
Purchase of Medical gases	(5,461,300)	(1,862,135)
X-Ray/Radiology supplies	(2,739,900)	(5,368,000)
Rentals of Produced Assets- Others	-	(24,149,000)
refunds of overpayments	151,105	
Total medical/ clinical costs	(218,908,083)	(324,331,669)

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10. Employee Costs

Description	2024/25	2023/24
	KShs	KShs
Salaries, wages, and allowances-permanent	(432,534,163)	(394,101,988)
Salaries, wages, and allowances- temporary	(128,299,757)	(86,201,158)
Contributions to pension schemes		
Employee costs	(560,833,920)	(480,303,146)

11. Board of Management Expenses

Description	2024/25	2023/24
	KShs	KShs
Sitting allowance	(508,700)	(180,000)
Total	(508,700)	(180,000)

12. Depreciation and Amortization Expense

Description	2024/25	2023/24
	KShs	KShs
Property, plant and equipment	(4,648,634)	(5,807,302)
Intangible assets	(311,250)	(311,250)
Investment property carried at cost	-	-
Total depreciation and amortization	(4,959,884)	(6,118,552)

13. Repairs And Maintenance

Description	2024/25	2023/24
	KShs	KShs
Property- Buildings	(11,424,717)	(10,873,805)
Medical equipment	(2,614,588)	(1,060,930)

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Computers and accessories	(1,772,876)	
Motor vehicle expenses	(1,355,390)	(585,669)
Total repairs and maintenance	(17,167,571)	(12,520,404)

14. General Expenses

Description	2024/25	2023/24
	KShs	KShs
Advertising and publicity expenses	(821,482)	
Catering expenses	(2,107,358)	(3,710,834)
Bank charges	(85,400)	
Consultancy fees	(250,000)	
Contracted services	(1,566,000)	(660,000)
Electricity expenses	(15,552,800)	(13,150,135)
Fuel Expenses	(12,777,945)	(7,879,004)
Travel and accommodation allowance	(3,923,650)	(3,550,450)
Courier and postal services	(2,253)	
Water and sewerage costs	(6,488,555)	(10,324,870)
Telephone and mobile phone services	(397,577)	(474,900)
Internet expenses	(313,200)	(667,000)
Staff training and development	-	(1,257,860)
General Office Supplies	(7,935,703)	(10,944,023)
Total General Expenses	(52,221,923)	(52,619,076)

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15. Medical Services Contracts Gains /Losses

Description	2024/25	2023/24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	(21,981,945)	16,676,501
Linda Mama Program		(10,592,285)
Waivers and Exemptions	(14,544,773)	(12,448,575)
Total Gain/Loss	(36,526,718)	(6,364,359)

16. Cash And Cash Equivalents

Description	2024/25	2023/24
	Kshs.	Kshs.
Current accounts	29,410,303	17,974,556
Others(<i>specify</i>)- Mobile money		
Paybill account-3131315	16,660	9,670
Total cash and cash equivalents	29,426,963	17,984,226

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

		2024/25	2023/24
Financial institution	Account number	Kshs.	Kshs.
a) Current account			
Nyahururu District Hospital Collect A/c(KCB)	1198224266	3,323,751	2,606,358
Nyahururu District Hospital FIF A/c(Family)	023000027049	1,043,227	4,410
Nyahururu County Referral Hospital A/c(Equity)	0160284971000	25,043,325	15,363,788
Sub- total		29,410,303	17,974,556
b) Others(<i>specify</i>)			

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Mobile Money: Paybill A/c	3131315	16,660	9,670
Sub- total		16,660	9,670
Grand total		29,426,963	17,984,226

17. Receivables From Exchange Transactions

Description	2024/25	2023/24
	Kshs.	Kshs.
Medical services receivables	48,500,973	47,616,991
Total receivables	48,500,973	47,616,991

Analysis of Receivables From Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

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18. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors: Un-surrendered imprests		789,500
: Nanyuki Teaching & Referral Hospital	11,836,162	11,836,162
Less: impairment allowance		
Total	11,836,162	12,625,662

(The debt due from Nanyuki Teaching and referral Hospital is in respect of a consignment of pharmaceutical and non-pharmaceutical supplies for this hospital ordered through Nyahururu County Referral Hospital account with KEMSA)

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.

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.

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

- i) The National Government;

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

19. Events after the Reporting Period

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

20. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Laikipia.

21. Currency

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

19. 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)

Accounting Officer

