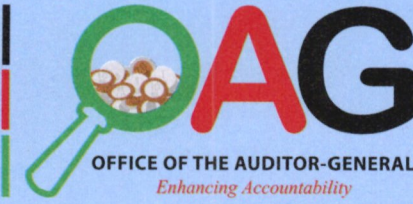


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NYAMBENE SUB - COUNTY HOSPITAL**

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

**COUNTY GOVERNMENT OF MERU**

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



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**NYAMBENE SUB-COUNTY HOSPITAL**  
**(Meru County Government)**

**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

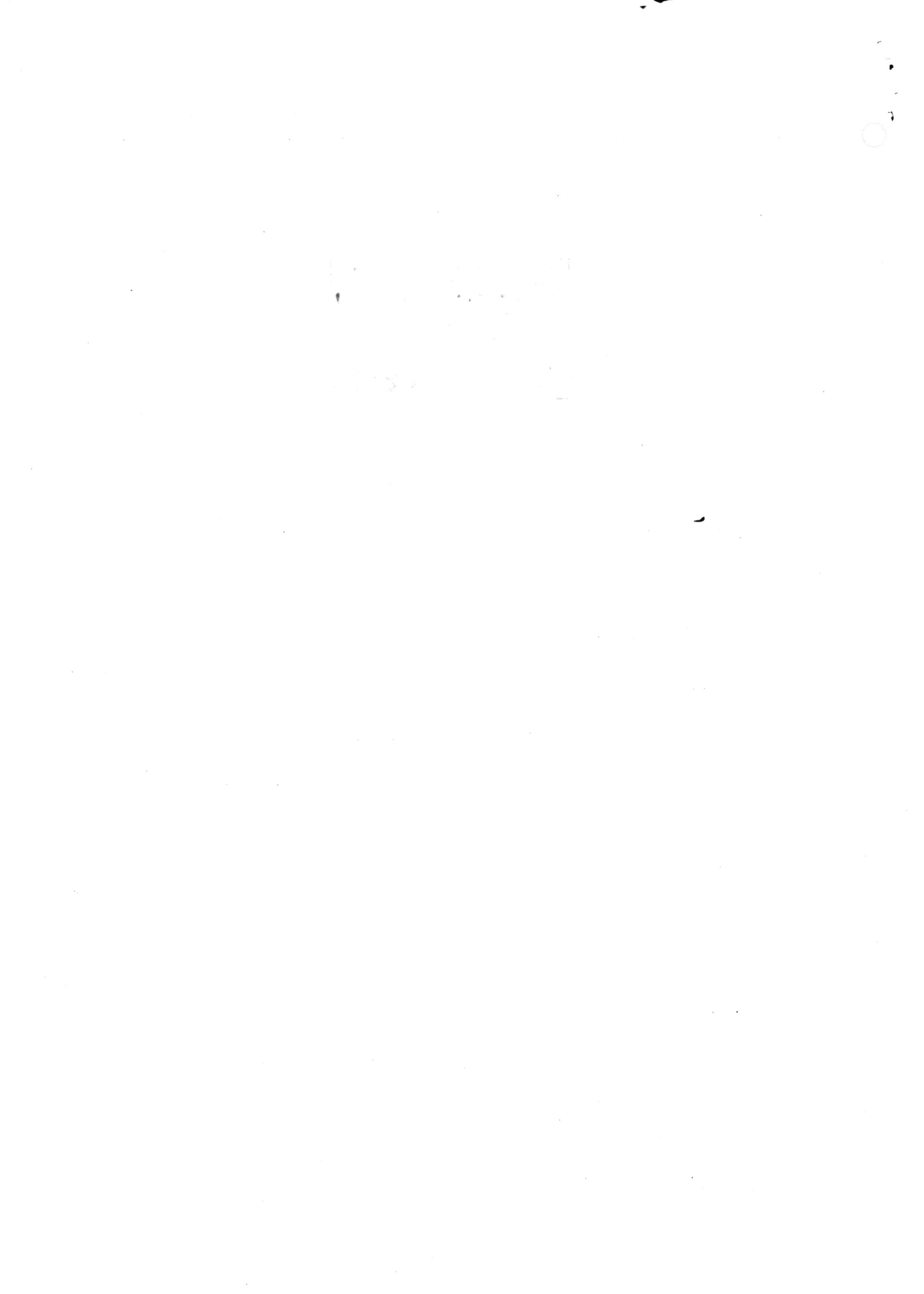


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## 1. Acronyms & Glossary of Terms

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Health Management Team
EEC	Executive Expenditure Committee
MES	Managed Equipment Scheme
PPE	Personal Protective Equipment
MOPC	Medical Outpatient Clinic
MCH	Mother and Child Health Clinic
CWC	Child Welfare Clinic
CCC	Comprehensive Care Clinic
KMTC	Kenya Medical Training College
GOPC	Gynaecology Outpatient Clinic

## 2. Key Entity Information and Management

### (a) Background information

Nyambene Hospital is a level (4) hospital established under gazette notice number 11837 dated 15th November 2007 and is domiciled in Meru County under the Health Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

The principal activity is to offer quality health services.

#### **Vision**

"A healthy population in Meru County for sustainable social and economic development"

#### **Mission**

"To ensure residents of Meru County are healthy through implementation of Promotive and Preventive health interventions, and improved access to and utilization of quality curative services"

### (c) Key Management

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

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

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Githu Wachira</b>
2.	Head of finance (Accountant)	<b>Mr. James Koome Jacob</b>
3.	Head of supply chain (Procurement)	<b>Mr. Peter Michubu</b>
4.	Head of Administration (HAO)	<b>Mrs. Risper Maore</b>
5.	Head of Nursing	<b>Mrs. Catherine Mwiti</b>

**(e) Fiduciary Oversight Arrangements**

- I. Hospital Management Team
- II. Executive Expenditure Committee
- III. County Internal Audit Team

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

**(f) Entity Headquarters**

P.O. Box 482-60600  
Hospital Building  
Hospital Road  
MAUA, KENYA

**(g) Entity Contacts**

Telephone: (+254) 704320847  
E-mail: nyambenedh@gmail.com

**(h) Entity Bankers**

- KCB: 1314397494
- Consolidated Bank: 10101203000060
- Consolidated Bank: 10101203000021

**(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**  
County Attorney  
P.O. Box. 120-60200  
Meru, Kenya







### 3. The Board of Management


Ref	Directors	Details
1.	Fr. Dr. Joseph Kaberia – Chairman 	<b>Age:</b> 70 yrs <b>Key Qualifications:</b> PHD <b>Work Experience:</b> Parrish Head & Seminary Lecturer
2.	Mrs. Elizabeth Kanini – Vice Chair 	<b>Age:</b> 50 yrs <b>Key Qualifications:</b> Diploma <b>Work Experience:</b> Women Leader/ Nominated MCA/ Nominated CDF Secretary/Board Member/ Community Leader
3.	Mrs. Norah Kathio Nkwene – Member 	<b>Age:</b> 68 yrs <b>Key Qualifications:</b> KCSE Certificate <b>Work Experience:</b> Board Member Maua Methodist Hospital/ Community Leader
4.	Mr. John Ntongai - Member	<b>Age:</b> 68yrs <b>Key Qualifications:</b> Diploma <b>Work Experience:</b> Clinical Officer/Board Member/Community Leader
5.	Dr. Githu Wachira- Secretary 	<b>Age:</b> 44 <b>Key Qualifications:</b> Masters <b>Work Experience:</b> Medical Superintendent Nyambene Sub-County Hospital

*Nyambene Sub County Hospital (Meru County Government)*  
*Amended Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

6.	Mrs Francisca Kananu Gitonga	Age.: 62 years <b>Key qualifications:</b> Higher National diploma <b>Work Experience:</b> Retired Nursing services manager

**4. Key Management Team**

Ref	Management	Details
1.	Dr. Githu Wachira 	Medical Superintendent Masters
2.	Ms. Risper Maore 	Hospital Administrator Degree
3.	Ms. Catherine Gacheri Mwiti 	Nursing Service Manager Degree
4.	Mr. Peter Micubu 	Head of Procurements Degree
5.	Mr. James Koome Jacob	Head of Finance Degree/CPA(K)

		
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## **5. Chairman's Statement**

### **NYAMBENE LEVEL 4 HOSPITAL**

#### **BACKGROUND**

Nyambene Hospital is a public hospital at level four in the national referral system mandated to receive and attend to patients from lower-level facilities and facilitate medical training. It is located in Maua town in Igembe South Constituency along Hospital Road.

#### **HISTORY**

Nyambene Hospital was first conceived in the early nineties in an initiative spearheaded by the then Igembe MP Hon Jackson Kalweo.

A Harambee was conducted by the then Vice President Professor George Saitoti on 23rd July 1994 which raised Ksh. 7,000,000 for the Outpatient Department/Administration Block combined. Foundation was laid by the then Health Minister Mr. Joshua Angatia. The outpatient Department commenced operations in 1998 without other departments. It was named Nyambene District Hospital and became the main hospital serving the then Meru North District.

The Maternity ward which was constructed by Plan International in 1996 started operations in 1999 together with the maternity theatre. The pediatric ward, the radiology unit, the mortuary and the kitchen were constructed by the Italian Corporation and began operations in 2015. The Female ward was constructed by Igembe South CDF under the stewardship of hon. Mithika Linturi.

The renal unit was operationalized in 2017 under the MES scheme. The institution was gazetted as a level four hospital vide notice number 11837 dated 15th November 2007, as stated under section 22 (2) (b) of the Medical Practitioners and Dentists Act.

The hospital acts as a regional referral facility to the neighboring sub counties of Igembe Central, Igembe North, Tigania East, Tharaka North and Isiolo South Sub Counties. It also acts as a teaching institution for various medical colleges and universities such as Isiolo KMTC, Methodist College of Health Sciences, Maua KMTC, Meru KMTC and Meru University of Science and Technology. The hospital currently stands on a 15-acre piece of land.

It serves a catchment population of about 850,000 people. The hospital has a bed capacity of 223 beds, 22 cots and 5 incubators. The average daily outpatient attendance is about 500 patients and daily bed occupancy rate of 120% translating to an average of 350 inpatients daily.

#### **SERVICES OFFERED**

- OPD consultation and treatment
- Dental
- Eye
- ENT
- MOPC
- GOPC
- MCH/CWC

- Laboratory
- Radiology/X-ray  
CCC/VCT
- TB and Skin Clinic
- Nutritional Services
- Pharmacy
- Disability Assessment
- Physiotherapy
- Plaster
- Minor Theatre
- Maternity and Maternity Theatre
- NBU
- Gynaecology theatre
- Paediatric ward
- Female medical ward
- Dialysis
- Mortuary

### **STAFF**

The hospital has approximately 200 staff categorized as:

- 5 consultants
- 5 medical officers
- 3 pharmacists
- 21 clinical officers
- 101 nurses
- 45 other clinical staff
- 78 support staff

17 administrative and non-medical staff among others.

### **HOSPITAL STRENGTHS**

The hospital boasts of having a dedicated team of staff who espouse great team work and dedication. In fact, the biggest challenges faced by the hospital are attributed to a high workload. The high workload is as a result of patients preferring to seek services in the facility even where they would get them elsewhere. The hospital boasts of having the highest workload in upper eastern in pediatrics and maternity. Well harnessed with good supporting policy this is an area that has lots of potential for many things including teaching research and other partnerships.

The hospital is the only one in the region that is almost fully paperless with one of the most reputable EMR system.

The hospital boasts of one of the best financial managements that has seen revenue grow threefold within three years.

### **WEAKNESSES**

The major weaknesses include:

- Inadequate Infrastructure
- The current structures, especially the OPD were designed for a smaller population but the hospital has grown.

- The maternity for example has a bed occupancy rate of 256%
- Inadequate financial resources
- Lack of a male ward and surgical unit

#### **AREAS NEEDING DEVELOPMENT**

To achieve the hospital vision the following areas are critical and a priority

- Construction of a modern accident and emergency department
- Male ward- There is no male ward in the Igembe region and lots of resources are expended (by both patients and the facility) catering for referral of cases to MeTRH.-THE WARD IS UNDERGOING CONSTRUCTION.
- Accidents and Emergency Wing – the hospital requires a modern A&E
- ICU & HDU construction There is need for an ICU and HDU to decongest MeTRH and care for the many cases from the region

#### **FUTURE OUTLOOK**

- Transitioning of the hospital from level 4 to level 5.
- Physical development of the hospital.
- Increased coverage of specialties.
- Expansion of services.

.....*Elizabeth*..... 29.10.2025

Name *ELIZABETH KAWINGI*

**Chairman to the Board**

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

### **NYAMBENE SUB COUNTY HOSPITAL**

#### **BACKGROUND**

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#### **FUTURE OUTLOOK**

- Transitioning of the hospital from level 4 to level 5.
- Physical development of the hospital.
- Increased coverage of specialties.
- Expansion of services.
- Enhanced communication strategy.
- Optimal revenue generation.



.....  
Name

*Dr. Wilton Wachira*

Secretary to the Board

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar/ theme/ issue 1: Infrastructure	<b>To improve security for the hospital</b>	<b>Perimeter wall</b>	<b>Construction of perimeter wall</b>	<b>30% of construction achieved.</b>
	<b>To improve the outlook of the administration block</b>	<b>Completed offices</b>	<b>Completion of the administration office</b>	<b>Offices 100% done</b>
Pillar/ theme/ issue 2. Renovation	<b>To Renovate the mortuary</b>	<b>renovation</b>	<b>Renovation</b>	<b>Mortuary renovations and facelifting done</b>

**8. Corporate Governance Statement**

1. A total of six full board meetings were held.
2. Various board sub-committee were held these include:
  - Project committee
  - Finance committee
  - Human resource committee
3. The process of appointment and removal of board members is a prerogative of the county executive.
4. The roles, function, inductions and training of the board is a set by the county executive.
5. Board member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit is a set by the county executive.

## 9. Management Discussion and Analysis

### Clinical/operational performance

- *Bed capacity of the hospital: 223 bed capacity*
- *Overall patient attendance during the year for both inpatient and outpatient: 85,646 Cases*
- *Accident and Emergency attendance 7,465 Cases*
- *Specialised clinic attendance: 8,937*
- *Average length of stay for in patient:*
  - *Female Ward: 21 days*
  - *Paediatrics Ward: 8 days*
  - *Maternity Ward: 5 days*
  - *Mortuary 43 days*
- *Bed occupancy rate:*
  - *Paediatrics Ward: 112%*
  - *Maternity Ward: 256%*
  - *Female Ward: 114%*
  - *Mortuary: 617%*
- *Surgical theatre utilisation (number of operations over a period of time): 2216 Cases*
- *Sponsorships and partnerships*

### **Financial performance that includes: -**

- *Revenue sources,*
- *Utilisation of funds etc*
- *Deliveries conducted during the year – 5,700*
- *Total Number of mothers who attended ANC Clinic – 3,029*
- *Total number of Xray done – 9,833*
- *Total number of Ultra sounds done – 4,005*

## 10. Environmental And Sustainability Reporting

### *i) Sustainability strategy and profile*

The hospital is under Meru County Government and all sustainability effort as tier by county government.

### *ii) Environmental performance*

The hospitals waste Management and infection management policy is in place and mainly relies on hospital incinerator

The hospital also ensures compliance to the various statutory environmental regulations including public health act cap 242.

### *iii) Employee welfare*

The hospital staff are mainly hired by the county, those hired by the hospital are either casual or on contractual basis.

Staff career progression, appraisal and reward systems are mainly county functions.

The hospital adheres to occupational safety and health act and provide safety equipment such as PPE'S, prevention of accidents and occupational disease and reporting of such if they occur.

### *iv) Market place practices-*

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

There are raised availability of suggestion boxes where complains can be deposited. There is mutual cooperation between the hospitals and other health providers.

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

There is competitive award of contract for supplies and prompt payment for committed orders despite constrained financial resources.

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

The hospital follows professional code of practice.

#### *d) Product stewardship*

All efforts are made to ensure that patients are handled professionally

v) *Corporate Social Responsibility / Community Engagements*

The hospital occasionally organizes medical camps and specialized treatment. The hospital has a vibrant social work department that takes care of indigents.

**11. Report of The Board of Management**

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

**Principal activities**

The principal activity of the hospital is to offer medical services.

**Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 24

**Board of Management**

The members of the Board who served during the year are shown on page 5 (v). During the year the medical superintendent, head of administration, head of procurement and head of finance were newly appointed toward the end of that year ending June 2025.

**Auditors**

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



.....  
Name *Dr. Arthur Wachira*  
Secretary to the Board

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

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity’s* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *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 the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

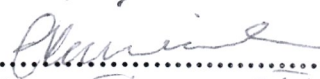
The Board of Management accepts responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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


In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

Nothing has come to the attention of the Board of management to indicate that the *entity* 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 29/10/2025 and signed on its behalf by:

  
.....  
Name: ELIZABETH WACHINI  
Chairperson  
Board of Management

  
.....  
Name: D. Wain Hachiro  
Accounting Officer





# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON NYAMBENE SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MERU**

---

### PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 Nyambene Sub - County Hospital - County Government of Meru set out on pages 1 to 24 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

performance, statement of changes in net assets, statement of cash flows and the 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 Nyambene Sub-County Hospital – County Government of Meru as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012, and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Misstatement of Property, Plant & Equipment (PPE) and Depreciation Expense**

The statement of financial position reflects property plant and equipment net book value of Kshs.16,866,522.88 as disclosed in Note 14 to the financial statements. The balance is net of depreciation and amortization expense amount of Kshs.2,433,272.50. However, recalculation of the depreciation charge and net book value of the property plant and equipment revealed an amount and balance of Kshs.2,664,223.03 and Kshs.18,114,085 respectively. This results in unreconciled and unexplained variances of Kshs.230,950.53 and Kshs.1,247,562 in respect to depreciation and amortization expense and net book value of the property plant and equipment respectively.

In the circumstances, the accuracy and completeness of property plant and equipment net book value of Kshs.16,866,522.88 could not be confirmed.

#### **2. Failure to Value and Disclose Inventory**

The statement of financial position reflects a Nil balance in respect to inventories despite the hospital having stocks at the close of financial year. Management did not conduct an annual stock-taking exercise at the close of the 2024/2025 financial year.

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

#### **3. Variance Between the Statements of Changes in Net Assets and the Statement of Financial Position**

The statement of financial position reflects net assets balance of Kshs.91,085,680 while the statement of changes in net assets reflects net assets balance of Kshs.58,365,655 leading to unexplained and unreconciled variance of Kshs.32,365,655.

In the circumstances, the accuracy of the statements of changes in net assets and the statement of financial position could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.220,624,362 and Kshs.201,737,290 respectively resulting to an under-funding of Kshs.18,887,072 or 9% of the budget. Similarly, the Hospital spent Kshs.167,626,534 against actual receipts of Kshs.201,737,290 resulting to an under-utilization of Kshs.34,110,756 or 17% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

### **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 report in the year under review.

### **Other Matter**

#### **Prior Year Audit Matters**

Review of the progress on follow up on prior year auditor's recommendations reveal that, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. The issues have been summarized in **Appendix I**.

#### **Other Information**

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

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

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Failure to Deduct and Remit Public Procurement Capacity Building Levy

The Public Procurement Capacity Building Levy of 0.03% was not deducted from contract payments totaling Kshs.11,555,082.33 and remitted to the Public Procurement Regulatory Authority (PPRA) effective on 1 September, 2024. This was contrary to circular No. 01/2024 referenced PPRA/6/5 VOL II (224) dated 30 August, 2024 which requires that all procuring entities should collect the levy from all suppliers on all procurement contracts signed between the supplier and a procuring entity. The amount should be remitted through e-citizen platform and file monthly returns to the Authority by 20 days of the subsequent month.

In the circumstances, Management was in breach of law.

#### 2. Long Outstanding Payables

The statement of financial position, and as disclosed in Note 15 to the financial statements, reflects trade and other payables balance amounting to Kshs.23,466,470.51. Audit review of the ageing analysis and creditors' listings revealed trade and other payables balance totalling Kshs.5,121,507.51 that have been outstanding for over one year. It was therefore, unclear why these long-outstanding pending bills were not settled

as a first charge, contrary to Regulations 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires that debt service payments to take priority.

In the circumstances, the Hospital was not in compliance with statutory requirements on prioritization of payments, exposing it to the risk of accumulating interest, penalties, and potential legal claims.

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

Review of hospital records, interviews and verification of services, equipment, and medical staff revealed significant discrepancies when compared to the requirements set out in the Kenya Quality Model for Health Policy Guidelines as per the below table:

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
Medical officers	16	8	8	50
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Pediatricians	2	1	1	50

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	Percentage %
Functional intensive care unit beds	6	0	6	100
High dependency unit beds	6	0	6	100

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

In the circumstances, these deficiencies contravene the provisions of the First Schedule to the Health Act, 2017, and imply that the attainment of the highest possible standard of

health, including the right to health care services, such as reproductive health care as guaranteed under Article 43(1) of the Constitution of Kenya, 2010 may not be realized.

#### **4. Non-Compliance on Deduction and Remittance of Statutory Deductions**

Audit examination of the Hospital's manual payroll records revealed that statutory housing levy deductions were not effected on payments totalling Kshs.559,072 made to contracted casual employees, despite the employees being eligible for such statutory deductions in accordance with Section 4(2) which states that the rate of the levy is 1.5% of the gross salary of an employee or the gross income of a person who is not subject to the levy as an employee. Under Section 5(1), the employer is required to deduct and remit the levy amount and an amount equivalent to the deducted amount.

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

#### **5. Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Requirements**

Audit review established that the Hospital did not fully adhere to the financial statement preparation templates issued by the Public Sector Accounting Standards Board (PSASB). Specifically, the Hospital did not provide information under Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations, as required in the prescribed reporting format.

The omission of this disclosure contravenes PSASB guidance on uniform presentation and limits transparency regarding the implementation status of prior audit issues. This also affects the ability of oversight bodies to assess progress made in addressing previously identified weaknesses.

Further, related party balances and amounts and financial risks were also not disclosed.

In the circumstances, the financial statements of the Hospital were not prepared in compliance with the Public Sector Accounting Standards Board financial reporting template and IPSAS 1 – Presentation of Financial Statements.

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

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

#### **Conclusion**

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

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

## **Basis for Conclusion**

### **1. Expired Board Term**

The Board of the Hospital was appointed in January 2018. As at the time of the audit in 2025, the Board had continued to serve beyond the cumulative six-year term limit prescribed under the Mwongozo Guidelines on Corporate Governance for State Corporations. No documented evidence of extension, reappointment, or performance evaluation was availed to justify the continued tenure of the Board members.

In the circumstances, the Board's continued service was not in compliance with the provisions of Mwongozo, thereby contravening the corporate governance requirements.

### **2. Failure to Perform Annual Board Evaluation**

The Board of Nyambene Sub County Hospital had not conducted annual evaluations of its performance, contrary to the provisions of Section 1.12 of the Mwongozo Code of Governance for State Corporations. There was no evidence that the Board had established performance criteria or carried out evaluations covering the Board as a whole, its committees, individual members, the Chairperson, or the Accounting Officer.

In the circumstances, the Board was not in compliance with the governance requirements under Mwongozo, thereby undermining the assurance of effective oversight and accountability within the Hospital.

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

## **Responsibilities of the Management and Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 overall governance.

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

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

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

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

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

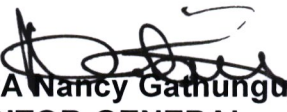
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable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

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

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



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

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

**Nairobi**

**17 November, 2025**

## Appendix I


### Prior Year Audit Matters


	<b>Matter</b>
1	Inaccuracy in the Statement of Comparison of Budget and Actual Amounts
2	Lack of Various Medical Services, Key Personnel and Equipment in the Hospital
3	Employment of Casuals Contrary to the Law
4	Lack of an Approved Disaster Recovery Plan
5	Lack of Approved Staff Establishment
6	Use of Manual Payroll

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government			
In-kind contributions from the County Government	1	9,896,571.00	11,683,117.00
Grants from donors and development partners	16	270,000.00	
		<b>10,166,571.00</b>	<b>11,683,117.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	2	191,570,719.03	173,201,280.50
<b>Revenue from exchange transactions</b>		<b>191,570,719.03</b>	<b>173,201,280.50</b>
<b>Total revenue</b>		<b>201,737,290.03</b>	<b>184,884,397.50</b>
<b>Expenses</b>			
Medical/Clinical costs	3	62,323,084.20	60,959,283.00
Employee costs	4	40,716,932.49	33,672,745.00
Board of Management Expenses	5	1,081,000.00	1,062,700.00
Depreciation and amortization expense	6	2,433,272.50	1,478,482.98
Repairs and maintenance	7	13,540,535.00	20,388,629.00
General expenses	8	24,091,983.41	29,740,758.16
Finance costs	9	-	50,909.50
<b>Total expenses</b>		<b>144,186,807.60</b>	<b>147,353,507.64</b>
<b>Other gains/(losses)</b>			
Medical services contracts Gains/Losses	10	5,696,328.00	6,938,150.00
Impairment loss			
Gain on foreign exchange transactions			
<b>Total other gains/(losses)</b>		<b>5,696,328.00</b>	<b>6,938,150.00</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>51,854,154.43</b>	<b>30,592,739.87</b>

The Hospital's financial statements were approved by the Board on 29/10/2025 and signed on its behalf by:

  
.....  
**Chairman**  
ELIZABETH KANINI  
**Board of Management**

  
.....  
**Head of Finance**  
ICPAK No: 27469



  
.....  
**Medical Superintendent**  
A9341  
Dr. Luther Wachira



**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	60,189,724.93	23,872,377.00
Prepayments			0
Receivables from exchange transactions		37,495,873.00	
Inventories		0	0
<b>Total Current Assets</b>		<b>97,685,597.93</b>	<b>64,921,477.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	14	16,866,552.88	9,223,226.03
Intangible assets			
<b>Total Non-current Assets</b>		<b>16,866,552.88</b>	<b>9,223,226.03</b>
<b>Total assets (A)</b>		<b>114,552,150.81</b>	<b>74,144,703.03</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	23,466,470.51	34,913,177.16
Refundable deposits from Patients/Prepayments		0	
<b>Total Current Liabilities</b>		<b>23,466,470.51</b>	<b>34,913,177.16</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>23,466,470.51</b>	
<b>Net assets (A-B)</b>		<b>91,085,680.30</b>	<b>39,231,525.87</b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		91,085,680.30	39,231,525.87
Capital Fund			

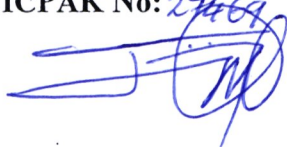
*Nyambene Sub-County Hospital (MERU County Government)*  
*Amended Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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Net Assets		91,085,680.30	39,231,525.87
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The Hospital's financial statements were approved by the Board on 29/10/2025 and signed on its behalf by:

  
.....  
Chairman ELIZABETH Mwangi  
Board of Management

Jacob James Koome  
.....  
Head of Finance  
ICPAK No: 27069  


  
.....  
Medical Superintendent  
A934  
Dr. Githinji Wanjiku  


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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	0	8,638,786.00	0	8,638,786.00
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	30,592,739.87	-	30,592,739.87
Capital/Development grants	-	-		
As at June 30, 2024	0	39,231,525.87	0	39,231,525.87
At July 1, 2024	0	39,231,525.87	0	6,865,870.50
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	51,854,154.43	-	51,854,154.43
Capital/Development grants	-			
At June 30, 2025		91,085,680.30	0.00	58,720,024.93

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
In Kind Contribution From County Government		10,166,571.00	11,683,117.00
Transfers from other Government entities			0
Public contributions and donations			0
Rendering of services- Medical Service Income		191,570,719.03	173,201,280.50
Revenue from rent of facilities			0
Finance / interest income			0
Miscellaneous receipts( <i>specify</i> )			0
<b>Total Receipts</b>		<b>201,737,290.03</b>	<b>184,884,397.50</b>
<b>Payments</b>			
Medical/Clinical costs		68,738,080.87	60,959,283.00
Employee costs		40,716,932.49	33,672,745.00
Board of Management Expenses		1,081,000.00	1,062,700.00
Repairs and maintenance		13,540,535.00	20,388,629.00
General expenses		24,091,983.41	29,740,758.00
Finance costs			50,909.00
Refunds paid out			0
Medical/Clinical Loss		5,696,328.00	6,938,150.00
<b>Total Payments</b>		<b>153,864,859.77</b>	<b>152,813,174.66</b>
<b>Net cash flows from operating activities</b>	43	<b>47,872,430.26</b>	<b>32,071,222.84</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-11,555,082.33	-10,701,709.00
Purchase of intangible assets		0	
Proceeds from the sale of PPE		0	
Acquisition of investments		0	
<b>Net cash flows used in investing activities</b>		<b>-11,555,082.33</b>	<b>-10,701,709.00</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Trade payables			34,913,177.16
Trade Receivables		0.00	-41,049,100.00



*Nyambene Sub-County Hospital (MERU County Government)*  
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Repayment of borrowings		0	
Capital grants received		0	
<b>Net cash flows used in financing activities</b>		-	<b>-6,135,922.00</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>36,317,347.93</b>	<b>15,233,591.84</b>
Cash and cash equivalents as at 1 July, 2024		23,872,377.00	8,638,786.00
<b>Cash and cash equivalents as at 30 June 2025</b>		<b>60,189,724.93</b>	<b>23,872,377.00</b>

*Nyambene Sub-County Hospital (Meru County Government)*  
*Amended Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**18. 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
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-					
<b>Receipts</b>						
Transfers from the County Government	9,896,571.00		9,896,571.00	9,896,571.00	-	100
Grants from donors and development partners	-		-	270,000.00	-	
Transfers from other Government entities	-		-	-	-	
Public contributions and donations	-		-	-	-	
Rendering of services- Medical Service Income	210,727,790.93		210,727,790.93	191,570,719.03	19,157,071.90	91
Revenue from rent of facilities	-		-	-	-	
Finance / interest income	-		-	-	-	
Miscellaneous receipts ( <i>specify</i> )	-		-	-	-	
<b>Total receipts</b>	<b>220,624,361.93</b>	<b>-</b>	<b>220,624,361.93</b>	<b>201,737,290.03</b>	<b>18,887,071.90</b>	
<b>Payments</b>						
Medical/Clinical costs	29,373,049.00	29,704,599.00	59,077,648.00	62,323,084.20	(3,245,436.20)	105
Employee costs	17,131,602.00	25,514,418.00	42,646,020.00	40,716,932.49	1,929,087.51	95
Remuneration of directors	407,000.00	674,000.00	1,081,000.00	1,081,000.00	-	100
Repairs and maintenance						104

	7,923,586.00	5,129,000.00	13,052,586.00	13,540,535.00	(487,949.00)	
Grants and subsidies			-		-	
General expenses	15,061,942.87	13,210,209.00	28,272,151.87	24,091,983.41	4,180,168.46	85
Capital Expenditure	12,613,916.00		12,613,916.00	11,555,082.33	1,058,833.67	92
Account payable	8,517,917.00	5,800,000.00	14,317,917.00	14,317,917.00	-	100
<b>Total Operational Expenditure paid</b>	<b>91,029,012.87</b>	<b>80,032,226.00</b>	<b>171,061,238.87</b>	<b>167,626,534.43</b>	<b>3,434,704.44</b>	
<b>Surplus</b>	<b>129,595,349.06</b>		<b>49,563,123.06</b>	<b>34,110,755.60</b>		

19. Notes to the Financial Statements

1. General Information

Nyambene Sub-county hospital is established by and derives its authority and accountability from Public Finance Management (PFM) Act. The entity is wholly owned by the Meru County Government and is domiciled in Meru County in Kenya. The entity’s principal activity is to offer quality affordable health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the</p>

Standard	Effective date and impact:
	<p>financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45-Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p>

*Nyambene Sub-County Hospital (MERU County Government)*  
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Standard	Effective date and impact:
	<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>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="395 1350 1358 1435">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="395 1451 1430 1592">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="395 1608 1409 1845">iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol>

iii) *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. **Summary of Significant Accounting Policies**

a. **Revenue recognition**

i) **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 2024/2025 was approved by Board on 23<sup>RD</sup> July 2024, 28<sup>th</sup> Oct 2024, 13<sup>th</sup> Feb 2025 and 28<sup>th</sup> April 2025. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 cash flows.

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. Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation rates applied are ; 25% on ICT Equipment, plat and equipment and 12.5% furniture. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e. Trade and other receivables**

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

**f. Inventories**

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of



inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**g. 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.

**h. Employee benefits**

**Retirement benefit plans**

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

**i. Cash and cash equivalents**

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

**j. Comparative figures**

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

**k. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**6. Transfers from the County Government**

**1. In Kind Contributions from The County Government**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)	9,745,290	11,683,117
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	151,281	0
<b>Total grants in kind</b>	<b>9,896,571</b>	<b>11,683,117</b>

**2. Rendering of Services-Medical Service Income**

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Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	9,111,918.00	5,966,591.68
Recoveries from NHIF/SHA	120,755,121.78	50,511,646.85
Non-Pharmaceuticals		0
Credit income		6,938,150.00
Laboratory	11,042,284.61	10,842,040.38
Radiology(x-ray materials)	9,302,743.63	7,981,535.89
Inpatient Ward	6,454,281.18	6,121,824.14
Orthopedic and Trauma Technology		0
Records	4,678,932.22	3,228,514.21
Theatre	91,610.53	68,500.00
Outpatient	2,696,077.79	1,789,888.68
Ambulance services-Referrals	1,086,261.76	442,521.94
Maternity Ward	6,935,092.65	405,329.83
Admissions	634,172.35	0
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service	2,205.54	
Cancer centre service		
Dental services	312,700.00	112,023.59
Reproductive health	300,250.00	116,400
Paediatrics services	1,543,788.99	2,111,673.99
Farewell home services (Mortuary)	16,553,078.00	13,626,189.91
other income - medical interns	25,000.00	
Other medical services income (NHIF)		62,486,202.60
Other medical services income (Deposits, Occupational Therapy, Physiotherapy, Ward 4/5 Male)	44,000.00	92,746.81
Administartion	1,200.00	

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<b>Total revenue from the rendering of services</b>	<b>191,570,719.03</b>	<b>173,201,280.50</b>

**3. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		0
Laboratory chemicals and reagents	9,262,641.44	6,080,586.00
Public health activities		0
Food and Ration	6,551,761.00	7,404,008.00
Uniform	556,648.00	389,698.00
Linen & bedding	1,561,170.00	1,530,496.00
Dressing and Non-Pharmaceuticals	11,560,879.00	19,728,165.00
Repatriation Costs	515,652.00	536,270.00
Pharmaceutical supplies	17,932,667.36	22,399,990.00
Sanitary and cleansing Materials	1,651,029.00	915,520.00
Purchase of Medical gases	1,717,780.00	1,974,550.00
X-Ray/Radiology supplies	890,000.00	0
Renal Consumables	10,028,997.40	0
Patients Refunds	93,859.00	0
<b>Total medical/ clinical costs</b>	<b>62,323,084.20</b>	<b>60,959,283.00</b>

**4. Employee Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	40,716,932.49	33,672,475.00
Contributions to pension schemes		0
Service gratuity		0
Performance and other bonuses		0
Staff medical expenses and Insurance cover		0

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Group personal accident insurance and WIBA		0
Social contribution		0
Other employee costs (specify)		0
<b>Employee costs</b>	40,716,932.49	33,672,475.00

*(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)*

**5. Board of Management Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	147,500.00	1,062,700.00
Sitting allowance (Other Committees)	933,500.00	0
<b>Total</b>	<b>1,081,000.00</b>	<b>1,062,700.00</b>

**6. Depreciation and Amortization Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	2,433,272.50	1,478,482.98
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>2,433,272.50</b>	<b>1,478,482.98</b>

**7. Repairs And Maintenance**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	2,918,030.00	14,324,130.00
Medical equipment	231,130.00	1,787,165.00
Office equipment		0
Furniture and fittings	596,400.00	149,540.00
Computers and accessories	588,680.00	1,089,003.00
Motor vehicle expenses	2,571,771.00	3,038,791.00

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Maintenance of civil works		0
Maintenance of Plant & Machinery	6,634,524.00	0
<b>Total repairs and maintenance</b>	<b>13,540,535.00</b>	<b>20,388,629.00</b>

**8. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses		50,000.00
Catering expenses	1,132,487.00	2,620,533.00
Waste management expenses		-
Insecticides and rodenticides		-
Audit fees		-
Bank charges	45,942.25	
Conferences and delegations		
Consultancy fees		
Contracted services (LOCUMS)	2,059,600.00	
Electricity expenses	6,301,574.00	8,431,278.00
Fuel and Lubricants	3,590,943.00	3,335,701.00
Other fuels	894,600.00	1,736,615.00
Insurance		-
Research and development expenses		-
Travel and accommodation allowance	2,790,050.00	3,747,300.00
Courier and postal services	21,200.00	22,916.00
Printing and stationery	2,566,230.00	4,593,836.00
Water and sewerage costs	2,338,060.00	2,572,140.00
Telephone and mobile phone services	543,200.00	998,000.00
Internet expenses	733,700.16	1,240,679.16
Staff training and development	1,053,197.00	391,760.00
Subscriptions to professional bodies	21,200.00	-
<b>Total General Expenses</b>	<b>24,091,983.41</b>	<b>29,740,758.16</b>

**9. Finance costs**

Description	2024/2025	2023/2024
	KShs	KShs
Bank Charges	0	50909.5
Interest on loans from commercial banks		-
		-
<b>Total</b>	<b>0.00</b>	<b>50,909.50</b>

**10. Medical Service Contract Gains**

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	-
Non- Comprehensive contracts care with NHIF/SHA	0	-
Linda Mama Program	0	-
Waivers and Exemptions	5,298,329.00	6,938,150.00
Exemptions	397,999.00	
<b>Total Gain/Loss</b>	<b>5,696,328.00</b>	<b>6,938,150.00</b>

**11. Cash And Cash Equivalents**

Description	2024/2025	2023/2024
	KShs	KShs
<i>Current accounts</i>	<i>60,189,724.93</i>	<i>23,872,377.00</i>
<i>Cash in hand</i>		<i>0</i>
<i>Others(specify)- Mobile money</i>		
<b>Total cash and cash equivalents</b>	<b>60,189,724.93</b>	<b>23,872,377.00</b>

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1314397494	13,218,743.60	
Consolidated Bank	10101203000021	24,290,004.63	
Consolidated Bank	10101203000060	22,680,976.70	
<b>Sub- total</b>		<b>60,189,724.93</b>	<b>0.00</b>
<b>Grand total</b>		<b>60,189,724.93</b>	<b>0.00</b>

13. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables (NHIF)	37,495,873.00	41,049,100.00
Other exchange debtors	0	0
Less: impairment allowance	0	0
<b>Total receivables</b>	<b>37,495,873.00</b>	<b>41,049,100.00</b>



14. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicle	Furniture, fittings, and office equipment	ICT Equipment		Other Assets (specify)	Capital	Total
	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Work in progress Ksh	Ksh
<b>Cost</b>									
At 1 July 2023(op bal	-	-	-	-	-		-	-	-
Additions	-	208,499.00	-	510,115.00	893,753.00		9,089,342.00	-	10,701,709.00
Disposals	-	-	-	-	-		-	-	0.00
Transfers/adjustments	-	-	-	-	-		-	-	0.00
Revaluation Adjustments	-	-	-	-	-		-	-	0.00
<b>At 30<sup>th</sup> Jun 2024</b>	<b>-</b>	<b>208,499.00</b>	<b>0.00</b>	<b>510,115.00</b>	<b>893,753.00</b>	<b>0.00</b>	<b>9,089,342.00</b>	<b>0.00</b>	<b>10,701,709.00</b>
<b>Depreciation Rate</b>		<b>0.05</b>	<b>0.25</b>	<b>0.125</b>	<b>0.3</b>		<b>0.125</b>		
<b>Depreciation and impairment</b>									
At 1 July 2023 (previous year)									
Depreciation for the year		10,424.95	0.00	63,764.38	268,125.90	0.00	1,136,167.75	0.00	1,478,482.98
Disposals									
Impairment									
<b>At 30 June 2024</b>	<b>-</b>	<b>10,424.95</b>	<b>0.00</b>	<b>63,764.38</b>	<b>268,125.90</b>	<b>0.00</b>	<b>1,136,167.75</b>	<b>0.00</b>	<b>1,478,482.98</b>
<b>At 1 July 2024</b>		<b>198,074.05</b>	<b>0.00</b>	<b>446,350.63</b>	<b>625,627.10</b>	<b>0.00</b>	<b>7,953,174.25</b>	<b>0.00</b>	<b>9,223,226.03</b>
Additions		5,223,354.33		472,000.00	2,080,325.00		3,779,403.00		11,555,082.33
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2025</b>		<b>5,421,428.38</b>	<b>0.00</b>	<b>918,350.63</b>	<b>2,705,952.10</b>	<b>0.00</b>	<b>11,732,577.25</b>	<b>0.00</b>	<b>20,778,308.36</b>
<b>Depreciation Rate</b>		<b>0.05</b>	<b>0.25</b>	<b>0.125</b>	<b>0.3</b>		<b>0.125</b>		
<b>Depreciation and impairment</b>									
At 1 July 2024 (previous year)		10,424.95	0.00	63,764.38	268,125.90	0.00	1,136,167.75	0.00	1,478,482.98
Depreciation for the year		270,550.17	0.00	106,823.28	731,347.86	0.00	1,324,551.19	0.00	2,433,272.50
Disposals									
Impairment								-	0.00
<b>At 30 June 2025</b>		<b>280,975.12</b>	<b>0.00</b>	<b>170,587.66</b>	<b>999,473.76</b>	<b>0.00</b>	<b>2,460,718.94</b>	<b>0.00</b>	<b>3,911,755.48</b>
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024		198,074.05	-	446,350.63	625,627.10	0.00	7,953,174.25	0.00	9,223,226.03
At 30 <sup>th</sup> Jun 2025		5,140,453.26	0.00	747,762.97	1,706,478.34	0.00	9,271,858.31	0.00	16,866,552.88

15. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables & other payables	18,636,489.00		34,913,177.16	
Employee dues	4,829,981.51			
Third-party payments (e.g. unremitted payroll deductions)	0			
Audit fee	0			
<b>Total trade and other payables</b>	<b>23,466,470.51</b>			
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	8,344,963.00	%		%
1-2 years	15,121,507.51	%		%
2-3 years	0	%		%
Over 3 years	-	%		%
<b>Total</b>	<b>23,466,470.51</b>	<b>%</b>		<b>%</b>

16. Grants From Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Cancer Centre grant-DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (specify)	270,000	-
<b>Total grants from development partners</b>	<b>270,000</b>	<b>-</b>

