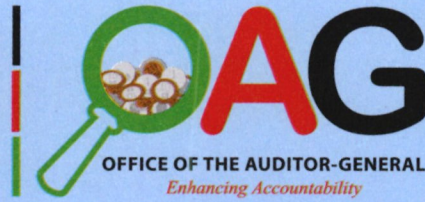
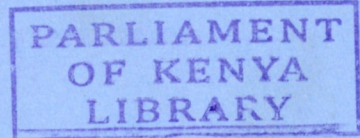


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**NANDI HILLS SUB COUNTY HOSPITAL
COUNTY GOVERNMENT OF NANDI**

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

PAPERS LAID	
DATE	27/6/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo



NANDI HILLS SUB COUNTY HOSPITAL
NANDI 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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Acronyms & Glossary of Terms

ALOS Average Length of Stay	NHSCH Nandi Hills Sub County Hospital
ANC Antenatal Care	ICT Information and Communication Technology
A& E Accident and Emergency	ICU Intensive Care Unit
CBK Central Bank of Kenya	IPSAS International Public Sector Accounting Standards
CEO Chief Executive Officer	IPSASB International Public Sector Accounting Standards Board
CMES Continuing Medical Education	KEMSA Kenya Medical Supplies Authority
CO2 Carbon Dioxide	MEDS Mission for Essential Drugs and Supplies
CPA Certified Public Accountant	MOH Ministry of Health
CSR Corporate Social Responsibility	MOPC Medical Outpatient Clinic
CT Computed Tomography	NHIF National Hospital Insurance Fund
DG Director General	NSSF National Social Security Fund
EEC Executive Expenditure Committee	OAG Office of the Auditor General
ENT Ear Nose and Throat	OEO Operation Eyesight Universal
FIF Facility Improvement fund Financial Year	OSHA Occupational Safety and Health Act of 2007
GOPC – Gynecology outpatient clinic	PFM Public Finance Management
HDU High Dependency Units	POPC Pediatrics Outpatient Clinic
HMB Hospital Management Board	PPE Property Plant & Equipment
HMC Hospital Management Committee	PPP Public Private Partnership
HMT Hospital Management Team	PSASB Public Sector Accounting Standards Board
HOD – Head of Department	QHC Quality Healthcare
IHRM Institute of Human Resource Management	SDGS Sustainable Development Goals
ICPAK Institute of Certified Public Accountants of Kenya	SNA System of National Accounts
	SOPC Surgical Outpatient Clinic

1. Key Entity Information and Management

a) Background information

The Nandi Hills Sub County Hospital was established in 1960 as a cottage hospital to serve the Nandi Hills tea estate; it was later taken over by the colonial government in 1962. Over time, NHCH has grown by leaps and bounds to be what it is today acting as a referral center to three sub counties.

Nandi Hills Sub County Hospital was designated as a Level IV facility in 2017 through Gazette Notice Vol. CXXIINo.1165 as GN 2818. Providing both outpatient and inpatient healthcare services. It is the Nandi hills sub-County Hospital, equipped with 100 beds and a bed occupancy rate of 80%-85%. The hospital is governed by a Board of Management Chaired by Bishop Simon Ngetich.

b) Principal Activities

We offer a wide range of services from comprehensive outpatient to a 100bed capacity inpatient. A good number of specialist services are provided like medical outpatient clinics, ENT, Eye, TB, Dermatology, HIV/AIDS, Plaster, Physiotherapy, GBV, Mental Health, Imaging, and Surgery with two operating theatres. We also have a Satellite blood bank, 30 fridges morgue and a PSA plant that supplies the hospital with Oxygen. Plans are underway to introduce a renal unit, operationalize the trauma centre as well as increase the specialist panel to include orthopaedic surgery, general surgery and internal medicine before the close of the current finance.

Our Laboratory provides Hematology, Biochemistry, Microbiology and Parasitology.

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
- County Treasury

d) Fiduciary Management

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

No.	Position	Name
1.	Medical Superintendent	Dr. Hussein Ibrahim Hussein
2.	Health Administrator	Nicholas Korir
3.	Head of Nursing services	Margaret Yego
4.	Chief officer Health and Sanitation	Fredrick Kiptum
5.	Director Health	Dr. Christine Chebet
6.	Head of supply chain	Leonard Kemei
7.	Head of finance	Cosmas Kipkosgei

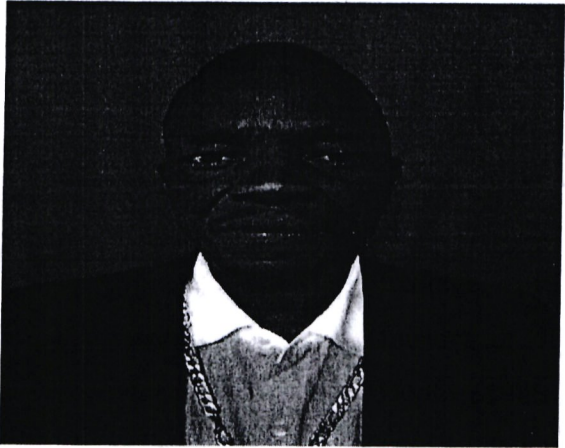
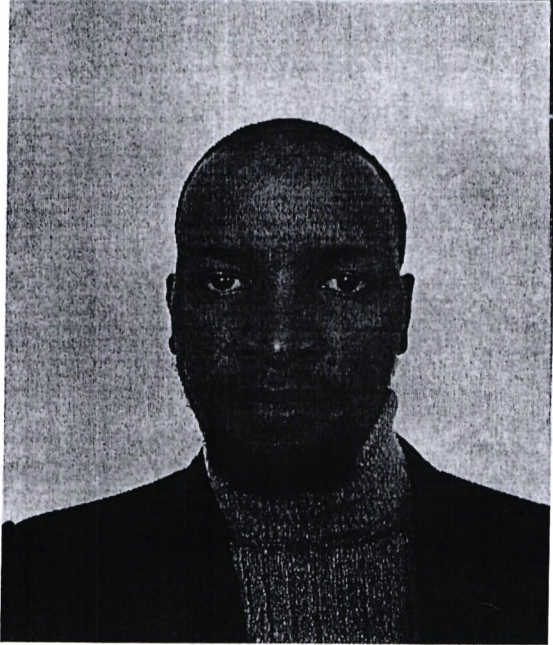
e) Fiduciary Oversight Arrangements


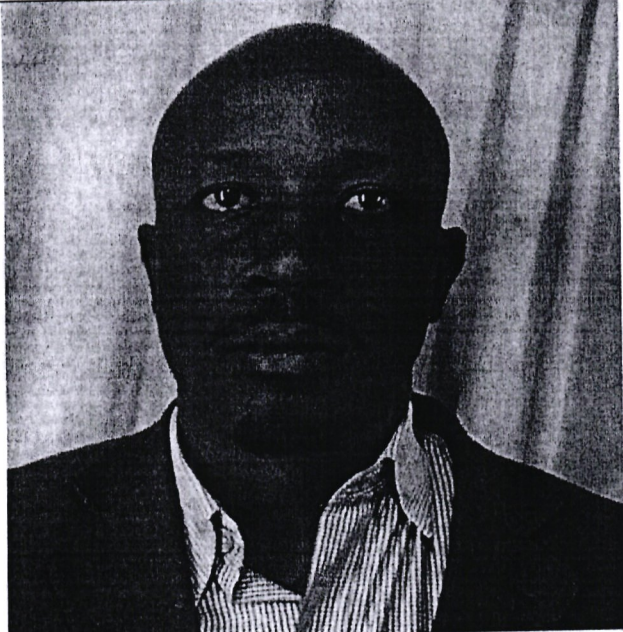
- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committee

Key Entity Information and Management



- f) Entity Headquarters**
P.O. Box 84 30301
Nandi Hills
KENYA
- g) Entity Contacts**
Telephone: 0734 376227
Email: ncountyhospital@go.ke
Website: www.go.ke
- h) Entity Bankers**
National Bank
Kapsabet Branch
P.O. Box 16430300
Kapsabet, Kenya
Cooperative Bank of Kenya,
Kapsabet Branch
Code 11072
Tel: 0729111414
- 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. 802
Kapsabet, Kenya



3 The Board of Management

<p>1.</p>	 <p>Bishop Simon Ngetich</p>	<p>He is a holder of degree in Theology from Jacksonville Theological Seminary (Florida, USA), BA in Theology from international school of Ministry, a BA in Theology from Focus Bible College. He has worked with Eastern Produce of Kenya Ltd, HR Dept. (1996 to 2001). Has also worked with Nandi County Education fund (20162019) Currently he is the chairman of Nandi Hills Sub County Hospital.</p>
<p>2</p>	 <p>Dr. Hussein Ibrahim Hussein</p>	<p>Dr Hussein is a medical Doctor (MBChB UON,2014). He specializes in Orthopaedic and Trauma Surgery (MMED UON,2023). He joined the public service in 2015 and has served across various facilities in Nandi County as Medical Officer. He has been medical superintendent of Nandi Hills sub County since 26th march 2025.</p>

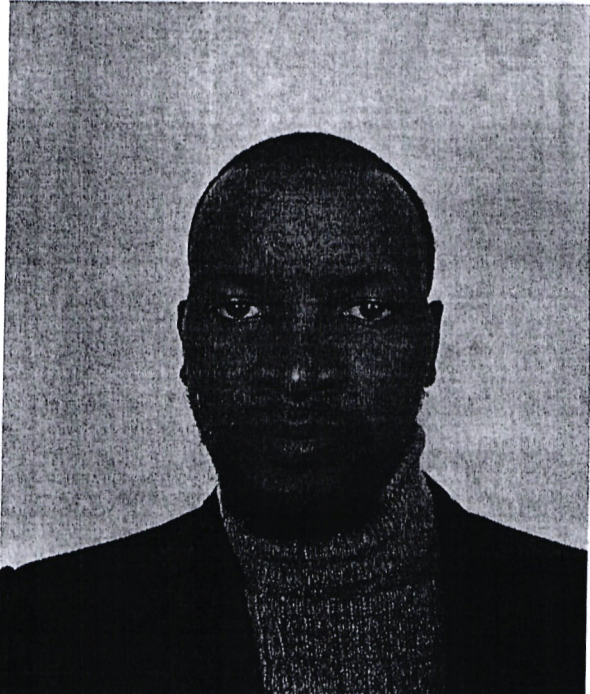
3	 <p>Dr. Kimeli Mutai.</p>	<p>He is a holder of medicine and Bachelor of surgery (MBCHB) from the University of Nairobi and Masters in Health economics and policy, currently working in Nandi Hills Medical Team. He has vast experience in the field of medicine.</p>
4	 <p>Mr Vincent Kiptoo</p>	<p>Holds a Diploma in Education, previously served at the county Assembly of Nandi as personal Assistant. Currently an employee of Teachers service commission Kipkorom Primary School.</p>

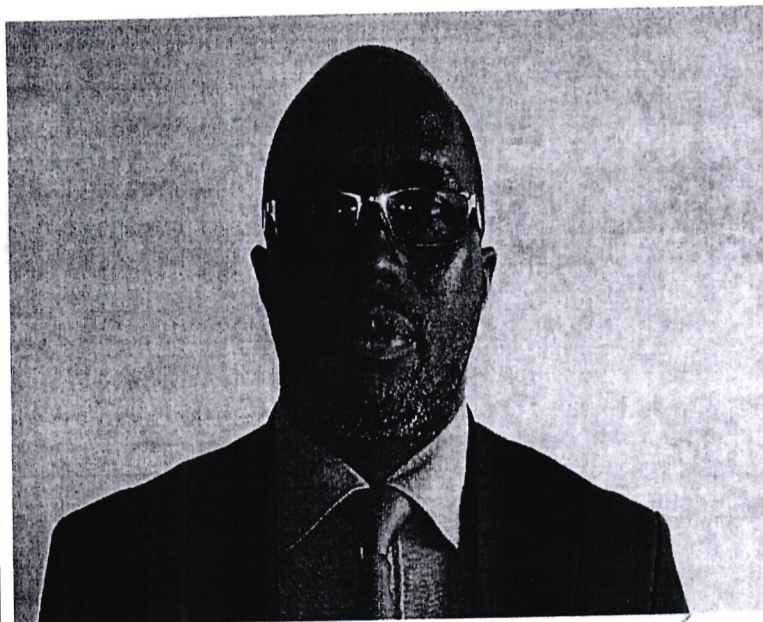
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5	 <p>Consolata Rop</p>	<p>She Holds a Bachelor’s degree in Education, previously served as nominated Member of County Assembly, Nandi (20132017). Also served as a Director at Ewaso Nyiro Water Company (20182022) and Jomo Kenyatta Foundation (2023 April 2025). She is currently a Council Member at Kenya Bureau of Standards (KEBS). She has good experience in public sector management having attended several trainings on leadership and governance and audit and risk management at Kenya School of Government</p>
6	 <p>Barnabas Tallam</p>	<p>Holds Master of Education degree (Kisii University) and Bachelor of Education Kampala International University. Previously worked with Teachers Service Commission (20012017). Was appointed as the Sub County Administrator in 2018, a position he still holds. He has vast experience in Public Administration and Management.</p>

		<p>Holds a diploma in Human Resource Management, currently a business man in Nandi Hills Town, Nandi County.</p>
<p>8</p>		<p>Holds certificates in Counselling and Home Based Care in HIV/AIDS (RCEA Plateau Mission Hospital, 2003), Community Based First Aid (Red Cross Society, 2004) and Nurse Aid and Counselling Psychology (Rehema Technical Training Institute, 2005/2006). Currently a business woman and business community stakeholder, Nandi Hills Town</p>

4. Key Management Team

Sl. No.	Name	Details
1.	 <p>Dr. Hussein Ibrahim Hussein</p>	<p>Dr Hussein is a medical Doctor (MChB UON,2014). He specializes in Orthopaedic and Trauma Surgery (MMED UON,2023). He joined the public service in 2015 and has served across various facilities in Nandi County as Medical Officer. He has been medical superintendent of Nandi Hills sub County since 26th march 2025.</p>

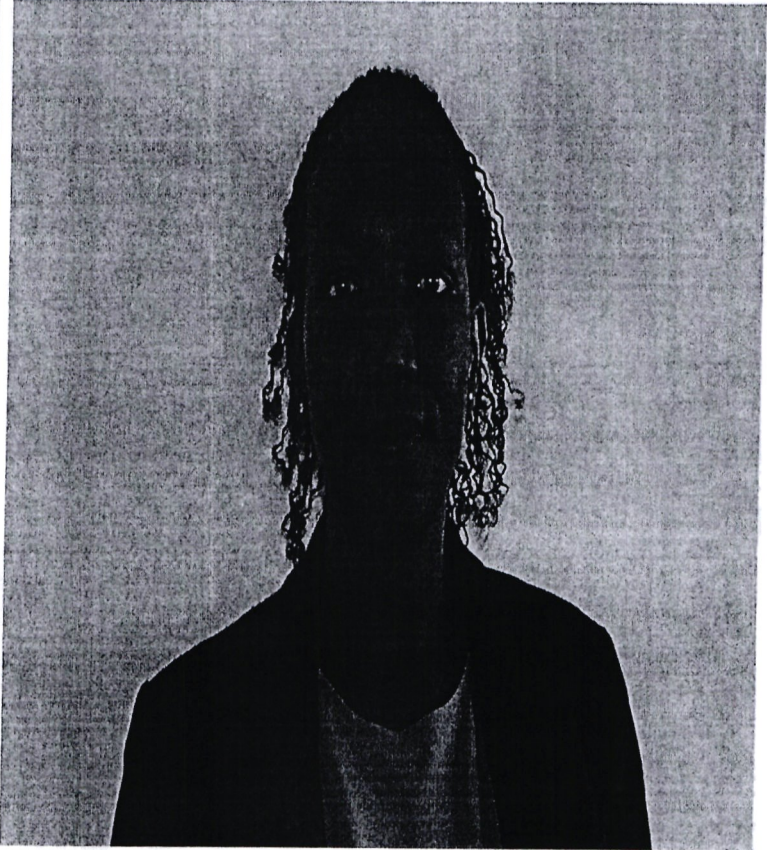



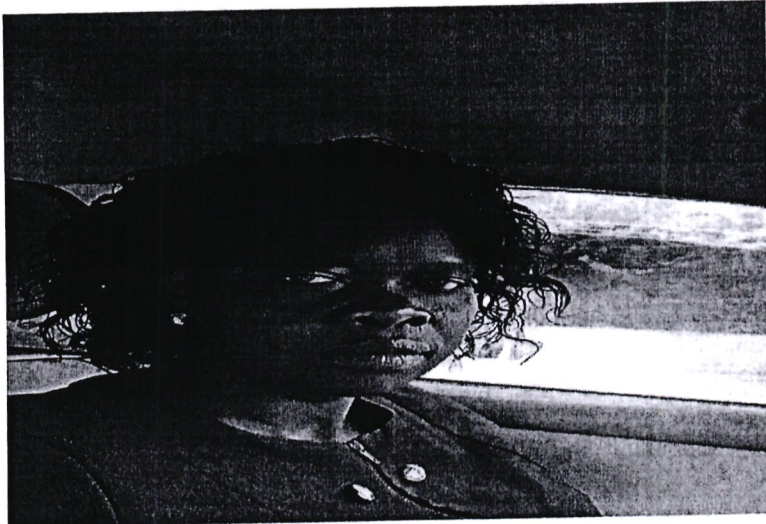
Mr.Fredrick Kiptum

Mr. Fredrick Kiptum was appointed as the chief officer on 20th march 2023, He is a holder of bachelor of science degree in microbiology and biotechnology from the university of Nairobi. Fredrick Kiptum has worked as a Director Health, Administration planning and Finance previously as sub county administrator in Nandi hills. He has also worked in safaricom PLC 20082011. Mr kiptum has vast experience in public service.

2.

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3.		<p>She was appointed as county Director of Health, Nandi County on 30th April 2025. She is a graduate of university of Nairobi in Bachelor of Pharmacy and Strathmore University graduate in Diploma in Business Information Technology. Having served in Nandi County for 15 years being sub county medical officer she is well versed in public health systems, management and administration</p>	
<p>Dr. Christine Chebet</p>	4.		<p>Mr. Korir is a holder of Bachelor of Arts (Economics) from the university of Nairobi and currently pursuing Master of Business Administration (MBA) at Mount Kenya university, Eldoret campus. He has undergone several health systems/hospital management and administration training. He previously worked as the Health Administrative officer at Kapsabet County Referral Hospital and</p>

	<p>Mr Nicholas Korir</p>	<p>Mosoriot Sub County Hospital. He is certified Monitoring and Evaluation expert and a member of the Kenya Association of Health Administrators (KAWA). Mr. korir has a vast experience in hospital Management and Administration.</p>
<p>5.</p>	 <p>Mrs. Margaret Yego</p>	<p>Mrs. Margaret Yego is a Chief Nursing officer with bachelor of science in Nursing from Masinde Muliro University and Technology. With over 20 years of work experience. Currently working at Nandi Hills County hospital as the Nursing officer in charge from 2018 to date.</p>

5. Chairman’s Statement

Nandi hills sub county hospital activities during the year included patient care and treatment like specialized care in our special clinics, Diagnosis and medical investigations to ensure our patients get the best medical services.

The facility improved significantly through the joint effort and cooperation between the board and members of staff in laying down the strategies that helped to utilise the resources received from both levels of governments.

Cashless Revenue Collections

The facility has been experiencing better revenue collections through this method, which the board and the staff unanimously agreed to adopt 100% to seal off any kind of leakages of finances which land to wrong hands. We put a lot of emphasis on this cashless system as well as monitoring

Drugs and stores.

The board also has been monitoring the movement of drugs right from the suppliers to store and finally to the pharmacy, the commodity quality assurance committee which have significantly improved our expenses in terms of drug consumption.

The SHA collections

Since the introduction of SHA the facility has experienced rapid rise of finances in the system though there has been serious challenge in disbursement of the same to the facility from SHA

The board and the hospital management team are pursuing other avenues of getting other funding from well-wishers, donors to support other projects like hospital perimeter wall.



.....

BISHOP SIMON NGETICH

Chairman to the Board

6. Report of The Medical Superintendent

This report provides a summary of the operational and service delivery achievements of Nandi Hills County hospital for the financial year ended 2025. As a referral centre for three sub counties, our hospital continues to play a pivotal role in providing comprehensive healthcare services to our catchment area. We currently boast a dedicated team of over 200 staff and maintain a bed capacity of 100.

Our commitment to expanding access to specialised care has been a key focus this year. We offer a wide range of outpatient services, including general outpatient consultations, maternal and child health services (like antenatal, postnatal care and immunization) family planning, dental services, eye care physiotherapy, laboratory services and pharmaceutical services. In addition to these we provide comprehensive inpatient services across various departments. A significant achievement this year has been the successful on boarding of new special clinics in Nephrology and Oncology. These additions complement our existing specialised services, which include Ear Nose and Throat (ENT), mental health, Gender Based Violence Response (GBVR) Centre, NonCommunicable Diseases (NCD) Clinic and many others.

The hospital has significantly enhanced its surgical and specialized medical capabilities with the recruitment of three new specialist: Orthopaedic Surgeon, General Surgeon and Gynaecologist. This strategic expansion has enabled us to establish dedicated special clinics in these various fields and integrate surgical services, directly addressing the health care needs of our catchment area. Consequently, patients in our region no longer need to travel to Kapsabet or Eldoret for these essential services, significantly improving accessibility and reducing the burden of travel for specialized care. This localized provision of advanced medical and surgical services underscores our commitment to delivering high-quality, accessible healthcare within our community.

This financial year, we have successfully embraced the Social Health Authority (SHA) insurance scheme with over 90% of our patients utilizing this insurance for their medical needs. We are pleased to report that we have met our revenues target for the period. Looking

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ahead to the next financial year, we are optimistic about surpassing this target through an anticipated increase in patient numbers and an expansion of our service spectrum.

Key challenges encountered during this period include the delayed disbursement of funds from the SHA and persistent staff shortages across various departments, which impact our operational efficiency and service delivery. Addressing these challenges, particularly the timely release of funds and strategic recruitment, will be paramount to our continued success and ability to serve our community effectively.



Name: Dr. Hussein Ibrahim Hussein
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Nandi Hills Sub County Hospital has 4 strategic enablers and objectives within the current Strategic Plan for the 2023/24 2028/29. These strategic enablers are as follows;

I. Governance, leadership and management

The hospital is dedicated to strengthening its capacity in stewardship so as to ensure that there is an inspired commitment to the overall mission and vision. Through strengthening governance, leadership and management the hospital envisages that the spectrum of relationships with key stakeholders will be improved and that staff of the hospital will align their objectives to the overall hospital strategies.

II. Infrastructure and Equipment

Modernization of our facilities, equipment and technology will continue to be a major initiative in improving the delivery of care and the overall patient experience Nandi Hills Sub County Hospital requires major investments in buildings, equipment and technology to meet the projected service demand. However, the current state of physical infrastructure at the hospital is not satisfactory, hence renovation and expansion of existing facilities as well as construction of new facilities is required.

III. Finances for sustainability

In addition to securing appropriate levels of government funding and taking advantage of opportunities under new funding programs, initiatives will be undertaken by the hospital to mobilize resources for financial sustainability. The financial health of the hospital will closely monitor to ensure that resource mobilization efforts are scaled up and that mobilized resources are effectively and efficiently utilized and accounted for.

IV. Human Resource Development

The development of the human capital remains central and key to the achievement of the goals of Nandi Hills Sub County Hospital. Improvement of efficiency and effectiveness in service delivery is highly dependent on the availability of adequate, competent and motivated workforce. Nandi Hills Sub County Hospital develops its annual work plans based on the above 4 strategic enablers. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Nandi Hills Sub County Hospital achieved its performance targets set for the 2024/2025 period for its 4 strategic enablers, as indicated in the diagram below:

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Strategic Pillar/Theme/Program	Objective	Key Performance Indicators	Activities	Achievements
Governance, leadership and management	Ensure that the legal framework installs an autonomous Nandi Hills Sub County Hospital	Number of policies developed	Engage the county health leadership towards identification of appropriate legal framework for implementing this strategic plan	1. policy document are in draft stage.
		Number of planning meetings held	Participate in and support the development of the appropriate legal framework	
	Develop focused capacity building program for both the hospital management committee and hospital management team/Augment capacity for change and growth	Number of trainings to health workers conducted	Participate in training and staff development.	1. Training and development done

<p>2. Infrastructure and Equipment</p>	<p>1.Support service delivery 2.EnhanceEfficiency and productivity</p>	<p>Quality and safety functionality and reliability</p>	<p>planning and needs assessment Maintenance and repairs</p>	<p>improved function ability and reliability Enhanced service delivery</p>
<p>3. Finances for sustainability</p>	<p>1.promote Resource mobilization 2.Enhanced Efficiency in Resource utilization 3. Accountability and transparency.</p>	<p>Growth rate of revenue each year. Financial stability</p>	<p>Prepare annual and long term financial plans aligned with strategic goals Automate accounting and reporting systems for efficiency Train staff in financial literacy, budgeting and resource mobilization.</p>	<p>Successful Resource mobilization. Effective resource mobilization. Improved Accountability and transparency.</p>
<p>4. Human Resource Development</p>	<p>1.Enhanced Employee skills and competencies. 2.Ecourage career growth and development 3.Ensure Employee wellbeing and work life Balance</p>	<p>Enhance employee skills and competencies. improve employee performance.</p>	<p>Training and capacity building performance management Career growth and development.</p>	<p>Improved performance and productivity Enhanced skills and competencies motivated and satisfied workforce</p>

8. Corporate Governance Statement

Nandi hills sub county hospital acknowledges the significance of establishing a robust corporate governance framework, procedures, and protocols, and is deeply committed to maintaining high standards of transparency, accountability, responsibility, and equity within the Hospital and towards our stakeholders. The Board is tasked with supervising how Management effectively serves the interests of shareholders and other stakeholders concerning environmental, social, and governance aspects, as well as matters pertaining to risk management, regulatory and governmental shifts, and global trends.

The Board of Management

The composition of the Nandi hills sub county hospital Board of Management adheres to the guidelines outlined in the County Government Act of 2012, consisting of 12 members. The selection of Board members emphasizes diversity in gender, age, ethnicity, and culture. Furthermore, the current Board possesses a wide range of expertise and experience in areas such as medicine, finance, community development, and administration. External specialists and independent professional advisors are consulted as necessary to supplement the Board's capabilities.

Appointment of the Board

The Chairman of the Board, along with 11 additional members, are appointed by CECM Health and Sanitation. The Hospital in Charge serves as an ex officio member and acts as the secretary to the Board. Each member serves a maximum of two terms, each lasting three (3) years. The names of all members and any changes are officially published in the Kenya Gazette.

- Chairperson – a member of the public, appointed by the County Executive Committee (CECM) Member for Health
- Sub-County Administrator – ex-officio member, appointed under Section 50 of the County Governments Act, 2012.
- Medical Superintendent / Facility In-Charge – secretary to the board.
- Two Representative of the local community – nominated from recognized community groups within the sub-county.
- One person to represent people with disability and special groups.
- Two representative of business community.
- One representative to represent clergy/church.
- Representative of health professionals – drawn from the public
- Two Representative each representing women and youth-to ensure inclusivity as per the Constitution (Article 27 & 232).

Board Remuneration

Their remuneration is per SRC guidelines and FIF act and the Mwongozo code of conduct stipulates the policy on ethics and conducts, governance audit, communication policy, terms of reference of committees and policy on related transactions.

Board induction.

The board underwent a comprehensive induction programme tailored to their individual needs. This programme aimed to acquaint them with their responsibilities and provide insight into the Hospital's strategy and operations. This was done in Kenmosa on 3rd December 2023.

Conflict of Interest

Any conflict interest or apparent conflict of interest between the hospital and its board is avoided. Board is required to declare any potential or actual conflict of interest that could interfere with their ability to act in the best interest of the hospital.

During the course of FY 2024-2025 no conflict of interest was declared by any Board member.

Board of Management Composition

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

Board member	Board Position	Appointment Date	Retire Date
Bishop Simon Ngetich	Chairman	26 th May 2023	26 th May 2026
Medical superintendent	Secretary	26 th May 2023	26 th May 2026
Vincent Kiptoo	Member	26 th May 2023	26 th May 2026
Ezekiel Kenduiywo Mutai	Member	26 th May 2023	26 th May 2026
David Kiptarbei Sugut	Member	26 th May 2023	26 th May 2026
Abigael Jepkosgei	Member	26 th May 2023	26 th May 2026
John Kimeli Bittok	Member	26 th May 2023	26 th May 2026
Consolata Jeptum Rop	Member	26 th May 2023	26 th May 2026
Florah Tanui	Member	26 th May 2023	26 th May 2026
Collins Kipkoech Misik	Member	26 th May 2023	26 th May 2026
Barnabas Tallam	Member	26 th May 2023	26 th May 2026
Lydia Jepngetich	Member	26 th May 2023	26 th May 2026

Role of the Chairman

The Chairman holds the responsibility for providing strategic leadership to the board, playing a pivotal role in fostering conditions for the board's overall effectiveness. This includes promoting an open environment for discussion, ensuring all members can freely express their views and contribute effectively. The Chairman also ensures that the board actively participates in shaping the Hospital's strategies and policies. Moreover, they oversee the scheduling of board meetings as needed and ensure that members receive accurate, timely, and adequate information to fulfil their duties effectively.

Role of the Board

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

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

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

Board work plan and meetings

A work plan outlining an annual schedule of meetings for the Board and its committees is prepared in advance. The Chairman, in collaboration with the medical superintendent, determines the agenda for each Board meeting, which is then circulated to members at least seven days prior to the meeting. In the year under review, the Board held a total of 4 meetings to consider pertinent issues relating to strategy, business performance and sustainability of the Hospital.

Table 3: Board and committee meeting attendance

Board Member	Total number of board meetings	Board committees			
		Clinical research & standards committee	Human capital Finance & administration	Corporate strategy & Enterprise	Risk & Audit
Bishop Simon Ngetich	4	0	0	0	0
Dr. Richard Chepkwony	4	0	0	0	0
Vincent kiptoo	4	0	0	0	0
Ezekiel Kenduiywo Mutai	0	0	0	0	0
David Kiptarbei Sugut	3	0	0	0	0
Abigael Jepkosgei	4	0	0	0	0
John Kimeli Bittok	4	0	0	0	0
Consolata Jeptum Rop	2	0	0	0	0
Florah Tanui	0	0	0	0	0
Collins Kipkoech Misik	2	0	0	0	0
Barnabas Tallam	4	0	0	0	0
Lydia Jepngetich	3	0	0	0	0

Board Committees and Responsibilities

To improve efficiency and effectiveness, the Board established four standing committees with well-defined terms of reference covering key operational areas. These committees operate with delegated authority without diminishing the Board's overall accountability. Committee members are appointed based on their relevant skills and experience. When required, the Board may establish an ad hoc committee to address specific issues not within the purview of existing committees. The medical superintendent serves as the secretary to all Board committees except the Audit and Risk Committee, for which the Head of Internal Audit fulfils this role.

Board Committees and Roles

Clinical Research & Standards Committee

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

Human Capital, Finance & Administration Committee

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

Corporate Strategy Enterprise Committee

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

Risk and Audit Committee

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

9. Management Discussion and Analysis

Nandi Hills Sub County Hospital continues its provision of wide range of specialized healthcare services to the residents of Nandi County and patients from neighbouring areas. These services encompass outpatient general care, dental care, ear, nose, and throat (ENT) services, orthopaedics, mental health services, physiotherapy, ophthalmology, oncology, minor surgical procedures, and nutrition services, alongside special care clinics.

Clinical support services include laboratory services, radiology which encompasses ultrasound, mammograms, endoscopy, and pharmacy services. Specialties available for consultation include paediatrics, internal medicine, surgery, and obstetrics/gynaecology. Mother child services such as antenatal and postnatal care, as well as immunization, are provided. Given our county's prominence in athletics and sports, we offer allied health and sports medicine services.

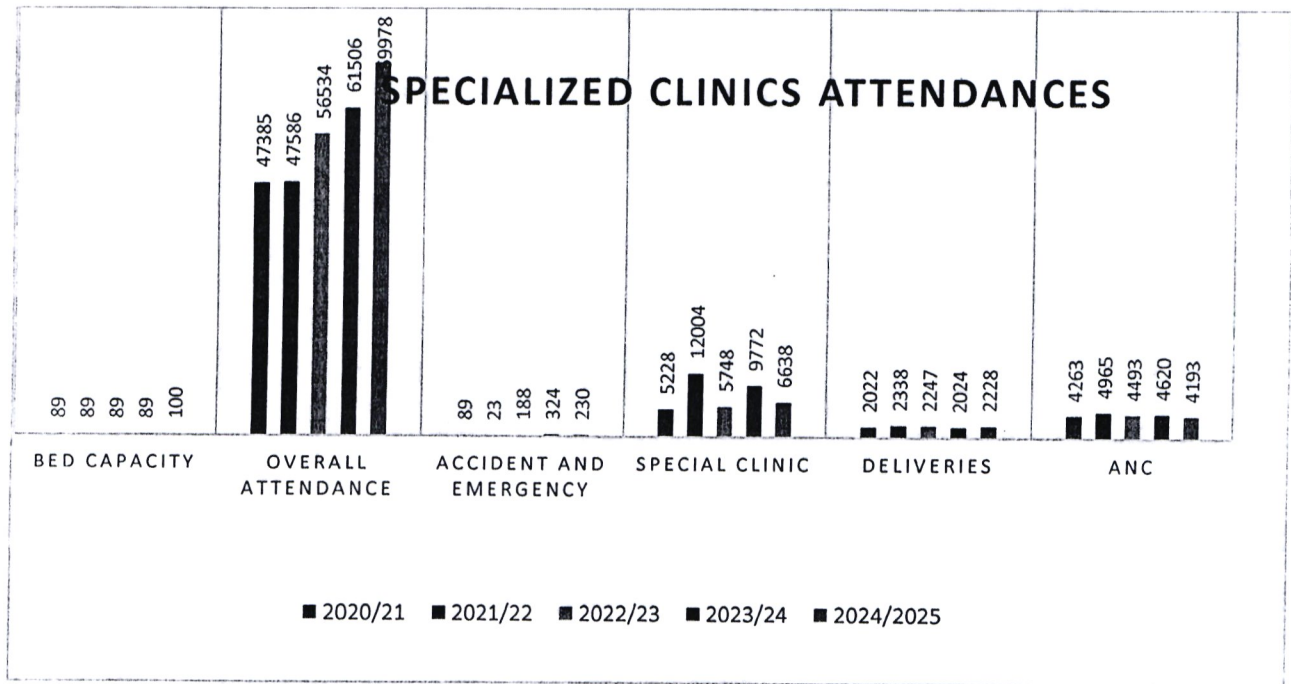
Inpatient services include general medicine, surgical procedures, paediatrics, maternity care, obstetrics/gynaecology, mental health care, and palliative care. Additionally, rehabilitative services and theatre operations are also available.

Overall Patient attendance

The general outpatients' attendances for the year 2024/2025 is 69,978 with percentage increase of 13.77% compared to 2023/2024, bed capacity was also increased from 89 to 100, deliveries also increased from 2,024 to 2,228 in 2025.

	2020/21	2021/22	2022/23	2023/24	2024/2025
Bed capacity	89	89	89	89	100
Overall attendance	47,385	47,586	5,6534	61,506	69,978
Accident and Emergency	89	23	188	324	230
Special clinic	5,228	12,004	5,748	9,772	6,638
Deliveries	2,022	2,338	2,247	2,024	2,228
ANC	4,263	4,965	4,493	4,620	4,193
CT Scan	0	0	0	0	0
Theatre	261	372	335	340	334

Nandi Hills Sub-County Hospital
Nandi County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025



Financial performance

1. Introduction

The Management of Nandi Hills Sub County Hospital is pleased to present the Financial Management Report for the year ended **30th June 2025**. This report provides a detailed account of the hospital’s financial performance, financial position, and key operational outcomes, demonstrating accountability in the use of public resources as required by **IPSAS (Accrual Basis)**.

2. Overview of Financial Performance

For the year under review, the hospital realized total revenue of **KSh 293,334,336** against total expenses of **KSh 284,151,148**, resulting in a **net surplus of KSh 1,938,269** after accounting for waivers of **KSh 7,244,919**.

Nandi Hills Sub-County Hospital
Nandi County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Amount (KSh)
Total Revenue	293,334,336
Total Expenses	284,151,148
Total Other Gains/(Losses) – Waivers (7,244,919)	
Net Surplus for the Year	1,938,269

3. Revenue Analysis

Hospital income comprised **non-exchange transactions** (government transfers and donations) and **exchange transactions** (medical services).

Revenue Source	Amount (KSh)	% of Total Revenue
In-kind contributions from County Government	185,498,157	63%
Transfers from FIF	40,698,866	14%
Public contributions & donations	186,820	<1%
Rendering of services – Medical Service Income	66,950,493	23%
Total Revenue	293,334,336	100%

Key Insights:

- County Government support remains vital, forming **over 60%** of total income.
- Internally generated revenue increased, reflecting better billing, efficiency, and patient volume.
- Donor and public contributions remained minimal but stable.

4. Expenditure Analysis

Expense Category	Amount (KSh)	% of Total Expenses
Employee Costs	178,395,624	63%
Transfers to FIF	52,212,632	18%

Nandi Hills Sub-County Hospital
Nandi County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

Expense Category	Amount (KSh)	% of Total Expenses
Medical/Clinical Costs	45,525,210	16%
Repairs and Maintenance	4,663,794	2%
General Expenses	2,990,388	1%
Board of Management Expenses	284,500	<1%
Depreciation & Amortization	79,000	<1%
Total Expenses	284,151,148	100%

Observations:

- Staff costs remain the largest cost component due to the hospital's service nature.
- Transfers to FIF were made in line with the County policy.
- Repairs and maintenance reflect investments in essential equipment upkeep.

5. Other Gains and Losses

The hospital recorded **waivers amounting to KSh 7,244,919**, extended to vulnerable patients. No impairment or foreign exchange losses were reported in 2024/2025.

6. Financial Position (Summary Extract)

Item	Amount (KSh)
Cash and Cash Equivalents	4,253,695
Receivables	12,745,776
Inventory	4,981,787
Property, Plant & Equipment	241,000
Total Assets	22,222,258
Payables and Liabilities	20,283,989

Nandi Hills Sub-County Hospital
Nandi County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

Item	Amount (KSh)
Net Assets (Equity)	1,938,269

Interpretation:

The positive net asset position indicates improvement in liquidity and resource management compared to the previous year's deficit.

7. Financial Ratios and Trend Analysis

Ratio Indicator	Computation	2024/2025	Interpretation
Current Ratio	Current Assets ÷ Current Liabilities = 22,222,258 / 20,283,989	1.10	Liquidity is slightly above 1, indicating the hospital can meet short-term obligations.
Cost-to-Income Ratio	Total Expenses ÷ Total Revenue	97%	Shows efficient cost management; 97% of income was used to meet expenses.
Surplus Margin	Surplus ÷ Total Revenue	0.66%	Indicates a modest positive financial outcome.
Employee Cost Ratio	Employee Costs ÷ Total Expenses	63%	Confirms heavy reliance on human resources for service delivery.
FIF Transfer Ratio	FIF Transfers ÷ Total Revenue	18%	Consistent with County policy on revenue sharing.
Revenue Growth Rate	(Current Year Revenue – Prior Year Revenue) ÷ Prior Year Revenue	Data dependent on prior year	Reflects improvement due to stronger medical income.
Asset Turnover	Revenue ÷ Total Assets	293,334,336 / 22,222,258 =	High turnover ratio showing efficient asset utilization.

Ratio Indicator	Computation	2024/2025	Interpretation
		13.2	

Summary:

The ratios reflect a **stable financial position**, moderate liquidity, and operational sustainability. Cost control measures were effective, though staff-related costs remain high.

8. Management Discussion and Analysis

- **Efficiency:** The hospital maintained service delivery despite tight budgets.
- **Revenue Optimization:** Enhanced billing systems and reduced revenue leakages.
- **Expenditure Management:** Cost control remained a priority while ensuring essential services.
- **Asset Management:** Preventive maintenance continued, with IPSAS 17 compliance underway.

9. Key Achievements

- Improved financial performance with a positive surplus.
- Strengthened internal controls and automation of billing systems.
- Continued collaboration with County Government and partners.
- Sustained service delivery even under resource constraints.

10. Challenges and Mitigation Measures

Challenge	Mitigation Measure
Delays in SHA disbursements	Engagement with SHA.
Aging infrastructure	Resource mobilization for repairs and equipment upgrades.
Limited donor support	Development of new funding proposals and partnerships.

11. Conclusion

The 2024/2025 financial year demonstrated the hospital’s resilience and prudent financial stewardship under IPSAS standards.

Management remains committed to **transparency, accountability, and efficient resource utilization** while continuing to deliver quality healthcare to the residents of Nandi County.

We sincerely appreciate the **County Government of Nandi, Board of Management,** and all **staff and partners** for their continued support.



.....

Name: Dr. Hussein Ibrahim Hussein
Medical Superintendent.

10. Environmental And Sustainability Reporting

Nandi Hills Sub County Hospital faces several sustainability issues on the triple bottom line front which refers to the people, planet and profit. As a county referral hospital providing healthcare services, our sustainability agenda is at the core of our business as we seek to create long-term sustainable value for our stakeholders and the communities that we operate in. We recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the business. We are committed to upholding good corporate governance, ethics, and integrity while we contribute to the nation's healthcare sector.

Recognizing the part, it can play in reducing health inequalities and improving sustainability, Nandi Hills Sub County Hospital sustainability commitments are embedded in the fabric of our organization and help guide all our operations. Our strategic intent is premised on identifying and delivering exceptional initiatives and programs that deliver real world and lasting benefits. With dedication to this strategy, bolstered by our aspiration to be the preferred healthcare provider, we manage to create long term sustainable value to all our stakeholders. For our sustainability journey, we have identified materiality's that we believe help us categorize the risks and opportunities of our Economic, Environmental and Social impacts as we work towards generating long term value creation for all our stakeholders.

Below is an outline of the Nandi Hills Sub County Hospital policies and activities that promote sustainability.

i) Sustainability strategy and profile

Nandi Hills sub county Hospital Sustainable Strategy aim to meet the needs of today by living within our environmental limits and making a positive contribution to a healthy, just and fair community. In doing so, the Nandi Hills Sub County Hospital will ensure that we meet all our legal, national and regional obligations and commitments by acknowledging the environmental impact of our buildings and managing them in the most efficient way possible to reduce energy demands and CO2 emissions; Engaging with our suppliers and stakeholders and

involving them in our drive for achieving the highest standards of sustainable healthcare services; Maximizing the benefits of having a large number of employee and using our social and economic influence for environmental improvement and social value in the local community; Working in partnership with sustainable healthcare specialists and making most effective use of our resources through shared best practice Measuring and reporting on the Nandi Hills Sub County Hospital progress and demonstrating quantifiable reductions in energy spend, cost and CO2 emissions throughout our sustainability journey.

Our corporate governance principles outline how we hold ourselves accountable to shareholders and stakeholders. Nandi Hills Sub County Hospital recognizes that the best protection of integrity is to instil a culture that values honesty and ethics: doing what's right every day; relying on our people's good judgment and sense of fairness; reporting unethical behaviour; and taking appropriate action. All employees are required to uphold integrity principles as per the constitution of Kenya, 2010 and other laws guiding public servants.

ii) Environmental performance

In our offices and clinical areas, we continue to encourage employees to help reduce energy consumption by switching off their computers and lights at the end of the day and also adopting energy efficient technologies. In packaging of medicine, we are using environmentally friendly bags. In medical waste, we are also using bags which are clearly marked for clinical waste, bottles and leftover foods. Staffs are also provided with personal protective equipment.

The hospital has been actively engaged in environmental conservation efforts through tree planting activities with over 100 trees planted in the past year. The hospital has also been engaged in efficient waste management efforts including organizing campaigns around the community to enhance solid waste management.

iii) Employee welfare

We invest in providing the best working environment for our employees. Recognition and appreciation of our employees is a core part of this. Nandi Hills Sub County Hospital promotes a healthy lifestyle and all employees are provided with SHA comprehensive health cover. Employees are encouraged and supported to continually build on their skills and knowledge. The

hospital invests heavily in learning and development program for employees. These include courses on leadership, management and technical competencies relevant to each employee.

Nandi Hills Sub County Hospital is committed to the promotion and maintenance of the physical and psychological health and wellbeing and safety of its entire workforce. Currently policies on the employee welfare and OSHA are guided by the County Human Resource policies. Nandi Hills Sub County Hospital is also committed to promoting equality, diversity and inclusion in conjunction with improving health and employment outcomes for staff and patients. It aims to deliver services which are responsive to the diverse needs of our employees, our patients as service users and their families. The hospital has also allowed staff to join unions for collective bargaining agreements.

iv) Market place practices

Our mission is to provide equitable access to timely, evidence based, and culturally appropriate specialized healthcare services for Nandi County residents. Our commitment is to deliver high quality, efficient, client centered care through skilled staff.

a) Responsible competition practice.

As a county referral hospital, we need to lead by example. Nandi Hills Sub County Hospital fully complies with all applicable laws and regulations in all its operations. We engage with various governmental bodies on an on-going basis, over different fronts in relation to our daily operations, renovations, and expansions. Market oriented mechanisms require that Nandi Hills Sub County Hospital pay attention to conditions in the market and suppliers. Currently the hospital offers health services that should be affordable and are determined through the County Finance Act as passed by the County Assembly of Nandi.

b) Responsible Supply chain and supplier relations

The county procurement department has a key role to play in securing our sustainability ambitions. The purchasing of goods and services are aligned with the principles of the Nandi Hills Sub County Hospital Quality Strategy, with a key objective of ensuring that procurement is undertaken in a manner which supports sustainable development and the growth of the low carbon economy throughout the supply chain. Nandi Hills Sub County Hospital ensures compliance with the Public Procurement and Asset Disposal Act, 2015, Public Procurement and

Asset Disposal Regulations 2020 and the existing county policies. Nandi Hills Sub County Hospital has many suppliers of goods and services. When we manage contracts and engage multiple service providers for our operations and projects, our own reputation as service provider is always a priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods offered.

c) Responsible marketing and advertisement

The Health Act, 2017 provides for the establishment of a regulatory body to regulate the licensing, manufacturing, laboratory testing and inspection, storage and distribution facilities, clinical trials, advertising and promotion, and post marketing surveillance for quality safety and disposal of health products and technologies through an Act of Parliament. The hospital currently does not advertise its services as it is a public entity.

d) Product stewardship

Our Product Stewardship program focuses on minimizing the usage of certain materials of concern when possible and assessing the environmental footprint of health products and packaging throughout the product life cycle, including consumer use, and end of product life.

Nandi Hills Sub County Hospital considers patient safety and customer satisfaction its top priorities. The hospital offers public services that are affordable and are determined through the County Finance Act as passed by the County Assembly of Nandi.

v) Corporate Social Responsibility / Community Engagements

The commitment of Nandi Hills Sub County Hospital to Social Responsibility (CSR) and pursuit of societal good through inclusive healthcare inspires us towards fulfilling public healthcare needs. The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalized and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions.

There was no CSR activity during the year

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025.

Principal activities

The principal activities of the entity; We offer a wide range of services from comprehensive outpatient to a 100bed capacity inpatient. Specialist Services: Medical Outpatient Clinics, ENT, Eye, TB, Dermatology, HIV/AIDS, Plaster, Physiotherapy, GBV, Mental Health, Imaging, and Surgery (two operating theatres).

Critical Infrastructure: Satellite blood bank, 30fridge morgue, and a PSA plant supplying oxygen.

Planned Expansions: Establishment of a renal unit, operationalization of the trauma centre, and expansion of the specialist panel (orthopaedic surgery, general surgery, and internal medicine) before the close of the financial year.

Laboratory Services: Comprehensive diagnostics in Haematology, Biochemistry, Microbiology, and Parasitology.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 70

Board of Management

The members of the Board who served during the year are shown on page viix-xii

Auditors

The Auditor General is responsible for the statutory audit of Nandi hills Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


Sign.....Date 4/09/2025

Dr. Hussein Ibrahim Hussein

Secretary to the Board

12. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of Nandi Hills Sub County Hospital financial statements, which give a true and fair view of the state of affairs of Nandi Hills Sub County 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 the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

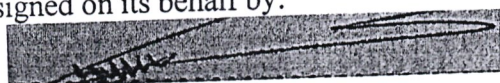
The Board of Management accepts responsibility for Nandi Hills Sub County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and public Audit Act 2015. The Board members are of the opinion that Nandi Hills Sub County Hospital financial statements give a true and fair view of the state of Nandi Hills Sub County Hospital.

Transactions during the financial year ended June 30, 2025, and of Nandi Hills Sub County Hospital. financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Nandi Hills Sub County Hospital, which have been relied upon in the preparation of Nandi Hills Sub County Hospital. Financial statements as well as the adequacy of the systems of internal financial control.

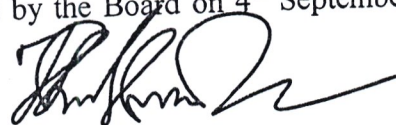
Nothing has come to the attention of the Board of management to indicate that Nandi Hills Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 4th September 2025 and signed on its behalf by:



.....
Bishop Simon Ngetich,
Chairperson



.....
Dr. Hussein Ibrahim Hussein
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 NANDI HILLS SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NANDI

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 aim to address the Auditor-General's statutory roles and responsibilities 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 Nandi Hills Sub County Hospital-County Government of Nandi set out on pages 1 to 52, which comprise the statement of financial position as at 30 June, 2025 and the statement of

Report of the Auditor-General on Nandi Hills Sub-County Hospital for the year ended 30 June, 2025 – County Government of Nandi

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 Nandi Hills Sub-County Hospital - County Government of Nandi as at June 30, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, Health Act, 2017, the Nandi County Facilities Improvement Fund Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance Between the Prior Year Comparative Balance and Previous Year Certified Financial Statements

Note 36 to the financial statements reflects Kshs.3,097,587 in respect to comparative balance for trade and other payables. Whilst the previous year certified financial statements reflects nil balance resulting to an unexplained and unreconciled variance of Kshs.3,097,587.

2. Unsupported Medical Services Income

The statement of financial performance and as disclosed in the Note 11 to the financial statements, reflects medical services amount of Kshs.66,950,493 which further includes Kshs.29,952,841 in relation to Social Health Authority (SHA) which was not supported by schedules of the amounts claimed and amounts disbursed to the Hospital.

In the circumstances, the accuracy and completeness of rendering of services-medical service income amounting to Kshs.66,950,493 could not be confirmed.

3. Unaccounted For Revenue from Rented Facilities

The statement of financial performance and as disclosed in Note 12 to the financial statements, reflects a nil balance on revenue from rent of facilities. However, the Hospital owns thirty-three staff quarters that have been rented out to members of staff. In addition, the Hospital owns a canteen that is occupied and operated by an unidentified person. The lease agreement for the rented facilities and the revenue arising therefrom were not provided for audit review.

In addition, there was no contractual agreements between the Hospital and the occupants. Further, the Hospital did not have a housing policy to guide rental house/ space allocations. Further, supporting documents such as rental lease agreements, invoices, and rental payment receipts for all the rental houses were not provided for audit review.

In the circumstances, accuracy of revenue from rent income could not be confirmed.

4. Undisclosed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements, reflects Kshs.241,000 in relation to property, plant, and equipment. However, the hospital owns non-movable assets of undetermined value relating to land and buildings which were not valued in financial statements. Further, a detailed schedule indicating asset description, location, cost, and ownership status was not provided for review.

In the circumstances, the accuracy of property, plant and equipment could not be confirmed.

5. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements, reflects receivables from exchange transactions of Kshs.12,745,776 which relates to transfers from the County Government in respect to National Health Insurance and Social Health Authority (SHA) refund claims. However, the supporting schedules indicating the name of the debtor, services offered, invoice number, amount claimed, amount paid, outstanding balances, and monthly reconciliations were not provided for audit. Further, the contract agreement between the Hospital and the NHIF, indicating the terms and conditions of operations, was not provided for audit. Further, there was no evidence to indicate that proper mechanisms had been put in place to recover these long-overdue debts.

In the circumstances, the existence, accuracy, and completeness of the receivables from exchange transactions balance of Kshs.12,745,776 could not be confirmed.

6. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflects a balance of Kshs.8,047,562 in respect to trade and other payables which includes Kshs.984,124 relating to the previous financial year which were still outstanding and were not captured in the budget, and did not form the first charge. Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs to which they have to be charged. Delay in settling bills may attract legal cases, interest in case of disputes, and affect the following year's budget.

In the circumstances, the ability of the hospital to settle the outstanding trade and other payables balance of Kshs.8,047,562 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nandi Hills Sub-County Hospital – Nandi County Government 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 amount reflects final receipts budget and actual on comparable basis of Kshs.314,206,610 and Kshs.293,334,336 respectively, resulting to over funding amounting to Kshs.20,872,274 or 7% of the budget. Similarly, the Hospital expended Kshs.291,396,067 against actual receipts of Kshs.293,334,336, resulting to an underfunding of Kshs.1,938,269 of the actual receipts.

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

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 were no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management, and Governance. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and the National Treasury's circular Ref No: AG.4/16/3 Vol.1(9) dated 24 June, 2020, as detailed in **Appendix I**

Other Information

The Management is responsible for the Other Information set out on pages (ii) to (xxxiv) which comprise of acronyms and glossary of terms, key entity information and management, board of management, key management team, chairman's statement,

report of the medical superintendent, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the board of management and statement of board of management's responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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. Failure to Maintain Revenue Cash Book

The statement of financial performance and as disclosed in Note 11 to the financial statements, reflects Kshs.66,950,493 in relation to rendering of services-medical service income. Review of the documentation provided revealed that the income was collected and deposited in the Facility Improvement Fund Account. However, the Hospital Management did not maintain a revenue cash book with details on daily billings and collections, transfers to the Fund Account, withdrawals through Authority to Incur Expenditure (AIE), and receipts of revenue receivables. This was contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

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

2. Non-Compliance with Law on Cash Flow Planning

During the year under review, the Hospital did not prepare and submit an annual cash flow plan and forecasts to the County Treasury. This was contrary to Section 120(2) of the Public Finance Management Act, 2012 which requires every county government entity to submit an annual cash flow plan and forecasts to the County Treasury in a form and manner directed by County Treasury.

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

3. Procurement of Goods and Services

The statement of financial performance and as disclosed in Note 15, Note 19, and Note 21 to the financial statements reflects Kshs.45,525,210, Kshs.4,663,794, and Kshs.2,990,388 in relation to medical /clinical costs, repairs and maintenance, and general expenses, respectively, all totalling Kshs.53,179,392. However, review of the expenditure and procurement records revealed the following anomalies;

3.1 Failure to Implement E-procurement Systems

During the year under review, the Hospital did not fully implement e-procurement and it was noted that tenders were maintained and publicized on the Hospital's website, and bids could be submitted on the same website. This was contrary to the Executive Order No.2 of 2018 which requires Hospital to maintain and continuously update, through the websites of e-citizen, Public Procurement Regulatory Authority platforms, public notice boards and /or official government publications, a complete information of all tenders, and that the Hospital, updates and publicize a separate comprehensive list of all registered suppliers, contractors and consultants in the various specific categories of goods, works and/or services pre-qualified to its procurement needs and consolidated and published the information above by 15th day of every subsequent month, outlining the tender and supplier data for the previous month.

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

3.2 Lack of an Approved Procurement Plan

The Hospital procured for goods and services without an approved procurement plan contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015, which requires the Accounting Officer to prepare an annual procurement plan within the approved budget before commencement of each financial year as part of the annual budget preparation process.

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

4. Lack of Hospital's Commitment to Climate Change Agreements

Review of the Hospital's records and physical verification of its infrastructure revealed that the facility did not have a policy on climate change adaptation, had not undertaken an environmental social impact assessment, and had not conducted environmental audits, contrary to the requirements of the Environmental Management and Coordination Act (EMCA), CAP 387.

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

5. Non-Compliance with Data Protection Laws

Audit review revealed that the Hospital collects and processes data of patients during its day-to-day operational activities. The Hospital also handles data related to its employees and suppliers. The data collected and processed by the Hospital are personal and sensitive, such as patient medical history, patient current health conditions, mobile phone number details, next of kin, bank account details, patient dependents, mobile money accounts, Social Health Authority (SHA) membership details, date of birth, national identification/passport numbers, among others. Review of the data collection, processing, and storage operation activities by the Hospital revealed the following breaches of the data protection laws as at the time of audit in August, 2025;

- i. The Hospital had not registered with the data commissioner as a data controller and data processor.
- ii. The Hospital had not established personal data retention schedule contrary to Regulation 19(2)(a) of the Data Protection (General) Regulations, 2021 which requires a data controller or data processor to establish personal data retention schedule with appropriate time limits for the periodic review of the need for the continued storage of personal data that is no longer necessary or where the retention period is reached.
- iii. The Hospital had not established appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes contrary to Regulation 19(5) of the Data Protection (General) Regulations, 2021 which states that a data controller or data processor shall establish appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes.
- iv. The Hospital had not developed and published a policy reflecting their personal data handling practices contrary to Regulation 23 (1) of the Data Protection (General) Regulations, 2021, which states that a data controller or data processor shall develop, publish, and regularly update a policy reflecting their personal data handling practices.
- v. Management had not implemented the elements necessary to safeguard the principle of storage limitation including having in place a clear internal procedure for deletion and destruction of personal data of subjects, determining what data and length of storage of personal data that is necessary for the purpose and formulating internal

retention statements of implementing them contrary to Regulation 35 of the Data Protection (General) Regulations, 2021 which states that the elements necessary to implement the principle of storage limitation include (a) having clear internal procedures for deletion and destruction; (b) determining what data and length of storage of personal data that is necessary for the purpose; (c) formulating internal retention statements of implementing them.

- vi. There was no evidence that Management of the Hospital conducts data protection impact assessment before processing of patient data, contrary to Regulation 49(2) of the Data Protection (General) Regulations, 2021, which states that a data processor or data controller shall, before processing data under sub-regulation (1) conduct a data protection impact assessment.

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

6. Lack of Quarterly Revenue Statements

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects rendering of medical service income of Kshs.66,950,493. However, quarterly revenue statements were not provided for audit, contrary to Section 158(3) of the Public Finance Management Act, 2012, which requires a receiver of revenue to prepare and provide quarterly revenue statements to the County Treasury with copies to the National Treasury and the Commission on Revenue Allocation.

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

7. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of records and verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of 256 or 79% of the 323 authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage
Medical officers	50	8	42	84%
Anesthesiologists	7	0	7	0%
General surgeons	4	2	2	50%
Gynecologists	4	1	3	75%
Pediatrics	4	0	4	0%
Radiologists	4	0	4	0%
Kenya Registered Community Health Nurses	250	56	194	78%
Total	323	67	256	79%

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
Beds	500	100	400	80%
Resuscitaire (2 in labor and 1 in theatre)	3	2	1	33%
New born unit incubators	10	2	8	80%
New born unit cots	10	2	8	80%
Functional ICU beds	12	0	12	0%
High Dependency Unit (HDU) Beds	12	0	12	0%
Renal Unit with at least 5 dialysis machines	5	0	5	0 %
Two Functional operational theatres- Maternity and General	2	2	0	100%
Total	552	108	446	81%

Further, during physical inspection carried out in in the month of September 2025 revealed that the Hospital did not have any dialysis machine in place.

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, the Hospital will not be able to deliver on its mandate.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standard requires 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 are in compliance, 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. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements, reflects Kshs.241,000 in relation to property, plant, and equipment. However, review of the documentation provided revealed the following anomalies;

1.1 Lack of Fixed Asset Register

A review of available records revealed that Management did not maintain a comprehensive asset register detailing the assets that the Hospital owned.

1.2 Valuation of Property, Plant and Equipment

Review of the assets revealed that there was no documentary evidence provided to indicate the exact value of the assets since there was no valuation report from a recognized valuer. This was in contravention to Paragraph 44 (Revaluation Model) of International Public Sector Accounting Standard (IPSAS) 17, Property, Plant and Equipment, which states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

In the circumstances, control over property, plant and equipment could not be confirmed.

2. Lack of Approved Staff Establishment

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects Kshs.178,395,624 in respect to employee costs. However, a review of the expenditure revealed that there was no approved staff establishment. In the absence of an approved staff establishment, the Hospital may not be able to determine the skills and optimal staffing levels required to achieve its goals and objectives.

In the circumstances, the effectiveness of internal controls on staffing could not be confirmed.

3. Failure to Establish Internal Audit Unit and Audit Committee

The Hospital has not established an audit committee and internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities' governance

Report of the Auditor-General on Nandi Hills Sub-County Hospital for the year ended 30 June, 2025 – County Government of Nandi

process, accountability process, and control systems, and offer objective advice on issues concerning risk, control, regulatory requirements, and governance. Further, no evidence was provided for the audit to confirm that the Hospital was audited by the internal audit unit from the County Executive of Nandi.

In the circumstances, the Hospital operated without a mechanism for assessing and mitigating financial and operational risks.

4. Governance and Management of the Hospital Board

The statement of financial performance and as disclosed in Note 17 to the financial statements, reflects Kshs.284,500 in respect to board of management expenses. However, review of the expenditure revealed the following anomalies in the operation of the Board;

4.1 Failure to Constitute the Board Sub Committees

The board did not form the mandatory audit committee, executive committee, quality of facilities improvement committee, and commodity quality assurance committee. This was in contraventions of section 1.7(b) of the Mwongozo Code of Governance for State Corporations which requires the Board to establish an Audit Committee and a maximum of three other committees to handle governance, technical matters, risk, strategy, compliance, human resources, and finance.

4.2 Lack of Board Charter

During the year under review, the Board operated without an approved charter, contrary to Section 1.1 1 of Mwongozo Code of Governance for State Corporations, which requires the Board of Directors to develop and adopt a Board Charter which defines the roles, responsibilities and functions of the Board. The Board should periodically review its Board Charter.

4.3 Failure to Stagger the Tenure of Board Members

The appointment and tenure of the Board of Management was not staggered, contrary to Section 1.14 of the Mwongozo Code of Governance for State Corporations, which states that the appointing authority ensures the tenures of Board members are staggered to facilitate a phased transition. This provision is intended to preserve institutional memory, provide continuity in leadership, and avoid disruptions in governance when board membership changes.

4.4 Irregular Board Meetings

Review of board minutes revealed that the board held three meetings during the year under review. This was contrary to the requirements of section 1.8 (1)(b) of Mwongozo which states that the board members should meet as regularly as required and at least quarterly in order to effectively lead the organization.

In the circumstances, the Hospital did not benefits accruing from oversight.

5. Lack of Risk Management Policy

During the year ended 30 June, 2025, Management did not have in place a Risk Management Policy. This was contrary to Regulation 158(1)(a)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operation.

In the circumstances, Management is not likely to respond appropriately to emerging risks that may result in loss of funds.

6. Lack of an Approved Disaster Recovery Plan

The Hospital operated an Information Technology (IT) system for capturing, storing, and processing fees. In addition, the Hospital was responsible for the custody of sensitive medical data of patients seeking its services, alongside other operational data such as pharmaceutical and non-pharmaceutical inventory management activities. However, the Hospital did not have an approved IT continuity plan and disaster recovery plan.

In the circumstances, the Hospital may not effectively identify, prevent, and mitigate against disasters and ensure that its operations are not interrupted.

7. Weak Information and Communication Technology Control Environment

During the year under review, the Hospital did not have an IT strategic committee, an IT strategic plan, or an IT steering committee, which are important for performing oversight functions and formulating policies to ensure that the IT department functions effectively in assisting the achievement of organizational objectives in an economical, efficient, and effective manner. No training and transfer of skills set aside for the IT department staff backup and retention strategy has been implemented.

No approved ICT policy, no policies and procedures that govern IT controls, and a lack of proper control of physical access to sensitive areas (such as the computer room, operations). The mentioned resources are very vital in the effective and efficient management of the entity's IT resources. In addition, the Hospital did not have the periodic IT reports, which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

In the circumstances, internal controls on information technology could not be confirmed.

8. Failure to Maintain Unique Official Email Address

During the year under review, the Hospital did not have an official email address but uses Gmail as the domain address, contrary to the provisions of Circular SH/ADM/23(1) from the Head of Public Service dated 14 June, 2022 prescribing that all Ministries, Counties,

Departments and Agencies shall acquire and ensure appropriate use and management of e-mail and instant messaging applications.

In the circumstances, effectiveness of internal controls and risk management 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 the Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 November, 2025

Appendix I

Unresolved Prior Year Matters

	Financial Year	Audit Issue
		Qualified Opinion
1	2023/2024	Inappropriate Presentation of the Financial Statements
2	2023/2024	Inaccuracies in Financial Statements
3	2023/2024	Variances Between Schedules and Financial Statements Balance
4	2023/2024	Inaccuracies in Revenue from Exchange Transactions
5	2023/2024	Undisclosed Revenue from Non-Exchange Transactions – In kind payment of salaries by County Government
6	2023/2024	Undisclosed Receivables from Exchange Transactions
7	2023/2024	Unsupported Cash and Cash Equivalents
8	2023/2024	Unsupported Inventories
9	2023/2024	Lack of Valuation of Property, Plant and Equipment
		Report on Lawfulness and Effectiveness In the Use of Public Resources
1	2023/2024	Lack of an Approved Staff Establishment
2	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
3	2023/2024	Improper Management and Storage of Pharmaceuticals and Non-Pharmaceuticals
		Report on Effectiveness of Internal Controls, Risk Management and Governance
1	2023/2024	Lack of a Risk Management Policy

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

Revenue from non-exchange transactions			
Transfers from the County Government	6		
In-kind contributions from the County Government	7	185,498,157	
Grants from donors and development partners	8		
Transfers from FIF	9	40,698,866	
Public contributions and donations	10	186,820	
		226,383,843	
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	66,950,493	30,172,961
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Other income (<i>specify</i>)	14		
		66,950,493	30,172,961
Revenue from exchange transactions		293,334,336	30,172,961
Total revenue			
Expenses			
Medical/Clinical costs	15	45,525,210	18,308,757
Employee costs	16	178,395,624	
Board of Management Expenses	17	284,500	350,400
Depreciation and amortization expense	18	79,000	
Repairs and maintenance	19	4,663,794	1,130,820
General expenses	21	2,990,388	794,150
Transfers to FIF	22	52,212,632	
Total expenses		284,151,148	20,584,127
Other gains/(losses)			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25	7,244,919	
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)		7,244,919	
Net surplus for the Period Ended 30th June 2025		1,938,269	9,588,834

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The Hospital's financial statements were approved by the Board on 4th September 2025 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Accountant 32524
Cosmas kipkosgei.



.....
Medical Superintendent

*Nandi Hills Sub County Hospital
Nandi County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

15. Statement of Financial Position as At 30th June 2025

Assets			
Current assets			
Cash and cash equivalents	27	4,253,695	9,588,834
Prepayments	28		
Receivables from exchange transactions	29	12,745,776	
Receivables from non-exchange transactions	30		
Inventories	31	4,981,787	3,097,587
Total Current Assets		21,981,258	12,686,421
Noncurrent assets			
Property, plant, and equipment	32	241,000	
Intangible assets	33		
Investment property	34		
Biological Assets	35		
Total Noncurrent Assets		241,000	
Total assets (A)		22,222,258	
Liabilities			
Current liabilities			
Trade and other payables	36	8,047,562	
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		
Current portion of borrowings	41		
Total Current Liabilities		8,047,562	
Noncurrent liabilities			
Provisions	38		
Noncurrent Finance lease obligation	39		
Non-Current portion of deferred income	40		
Non-Current portion of borrowings	41		
Service concession Arrangements	42		

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Total noncurrent liabilities			
Total Liabilities (B)		8,047,562	
Net assets (A-B)		14,174,696	12,686,421
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		11,527,103	9,588,834
Capital Fund		2,647,593	3,097,587
Net Assets		14,174,696	12,686,421

The Hospital's financial statements were approved by the Board on 4th September 2025 and signed on its behalf by:



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

CW
.....
**Accountant 32524
Cosmas kipkosgei**

[Handwritten Signature]
.....
Medical Superintendent

Nandi Hills Sub County Hospital
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Annual Report and Financial Statements for The Year Ended 30th June 2025

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

As at July 1, 2023				
Revaluation gain				
Surplus/(deficit) for the year		9,588,834		9,588,834
Capital/Development grants	3,097,587			3,097,587
As at June 30, 2024	3,097,587	9,588,834		12,686,421
At July 1, 2024	3,097,587	9,588,834		12,686,421
Revaluation gain				
Surplus/(deficit) for the year		1,938,269		1,938,269
Capital/Development grants	(449,994)			(449,994)
At June 30, 2025	2,647,593	11,527,103		14,174,696

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

		2024/2025	2023/2024
		KSh	KSh
Cash flows from operating activities			
Receipts			
Transfers from Nandi County FIF	9	40,682,984	
Public contributions and donations	10	186,820	
Rendering of services Medical Service Income	11	44,612,866	30,172,961
Total Receipts		85,482,670	30,172,961
Payments			
Medical/Clinical costs	15	29,017,618	17,686,257
Employee costs	16	2,093,000	350,400
Board of Management Expenses	17	284,500	
Repairs and maintenance	19	3,679,670	1,130,820
General expenses	21	3,210,388	1,416,650
Transfer to FIF	22	52,212,632	
Total Payments		90,497,808	20,584,127
Net cash flows from operating activities	43	-5,015,138	9,588,834
Cash flows from investing activities			
Purchase of property, plant, equipment		(320,000)	
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities		(320,000)	
Cash flows from financing activities		(5,335,138)	
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(5,335,138)	9,588,834
Cash and cash equivalents as at 1 July	27	9,588,834	
Cash and cash equivalents as at 30 June	27	4,253,695	9,588,834

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

Description	Original budget	Adjustments	Final budget	Actual on comparable base	Performance difference	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						#DIV/0!
IN -Kind contribution	185,498,157		185,498,157	185,498,157	0	100
Transfers from FIF	48,712,184		48,712,184	40,698,866	8,013,318	84
Public contributions and donations	300,000		300,000	186,820	113,180	62
Rendering of services Medical Service Income	79,696,269		79,696,269	66,950,493	12,745,776	84
Total receipts	314,206,610	-	314,206,610	293,334,336	20,872,274	93
Payments						
Medical/Clinical costs	53,572,772		53,572,772	45,525,210	8,047,562	85
Employee costs	178,395,624		178,395,624	178,395,624	0	100
Remuneration of directors	300,000		300,000	284,500	15,500	95
Repairs and maintenance	4,800,000		4,800,000	4,663,794	136,206	97
Medical service contracts loss			8,000,000	7,244,919	755,081	91

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Nandi County Government
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	8,000,000					
Depreciation	90,000		90,000	79,000	11,000	88
Transfer to FIF	65,548,214		65,548,214	52,212,632	13,335,582	80
General expenses	3,500,000		3,500,000	2,990,388	509,612	85
Total Operational Expenditure paid	314,206,610	-	314,206,610	291,396,067	22,810,543	93
Capital Expenditure paid						#VALUE!
Surplus	-	-	-	1,938,269	1,938,269	- #DIV/0!

Budget Reconciliation

Actual Surplus/(Deficit) as per the Statement of Budget Performance	1,938,269
Add: Depreciation Expense	79,000
Increase in Receivables	(12,745,776)
Increase in Trade Payables	8,047,562
Net Cash Generated/(Used) in Operations	6,934,640
Closing Cash and Cash Equivalents (as per Cash Flow Statement)	4,253,695

19. Notes to the Financial Statements

1. General Information

Nandi Hills Sub County Hospital is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Nandi County Government and is domiciled in Nandi County in Kenya. The entity's principal activity is to offer a wide range of services from comprehensive outpatient to a 100bed capacity inpatient. A good number of specialist services are provided like medical outpatient clinics, ENT, Eye, TB, Dermatology, HIV/AIDS, Plaster, Physiotherapy, GBV, Mental Health, Imaging, and Surgery with two operating theatres. We also have a Satellite blood bank, 30 fridges morgue and a PSA plant that supplies the hospital with Oxygen. Plans are underway to introduce a renal unit, operationalize the trauma centre as well as increase the specialist panel to include orthopaedic surgery, general surgery and internal medicine before the close of the current finance.

Our Laboratory provides Hematology, Biochemistry, Microbiology and Parasitology

2. 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 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 from 1st January 2025
IPSAS 43	<p>Applicable 1st January 2025</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> <p>No impact on financial statement</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>No impact on financial statement</p>
IPSAS 45 Property Plant and Equipment	<p>Applicable 1st January 2025</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 sates the definition of PPE shall be recognised as assets if they meet the criteria in</p>

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		<p>the standard. IPSAS 45 has 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>There is an impact on financial statement</p>
IPSAS 46 Measurement		<p>Applicable 1st January 2025</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. Clearing 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> <p>No impact on financial statement</p>
IPSAS 47 Revenue		<p>Applicable 1st January 2026</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> <p>No impact on financial statement</p>
IPSAS 48 Transfer Expenses		<p>Applicable 1st January 2026</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</p>

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	<p>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>No impact on financial statement</p>
<p>IPSAS 49 Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</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>No impact on financial statement</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</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"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. iii. Disclosures that identifies 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. <p>No impact on financial statement</p>

4. Summary of Significant Accounting Policies

- a. **Revenue recognition**
 - i) **Revenue from non-exchange transactions**

Transfers from other Government entities

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

- ii) **Revenue from exchange transactions**

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b. Budget information

The original budget for 24/25 was approved by Board on 15th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Nandi hills sub county hospital recorded additional appropriations of on the 24/25 budget following the Board's approval The Nandi hills sub county 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 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. Investment property

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

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

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.

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

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where

the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

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operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are postemployment 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 postemployment benefit plans other than defined contribution plans. The defined benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lumpsum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the postemployment benefit obligation. (the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

s. Foreign currency transactions

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

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is

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being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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6. Transfers from the County Government

Description	2024/2025	2023/2024
	KSh	KSh
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (specify)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

6 b Transfers from The County Government

Name of the donor	2024/2025		2023/2024		Total
	Amount	Percentage	Amount	Percentage	
Nandi County Government					
Total					

7. In Kind Contributions from The County Government

Salaries and wages CGN	176,302,642	
Non-Pharmaceutical Supplies	654,700	
Pharmaceuticals	8,357,405	
Medical supplies-Drawings Rights (KEMSA)		
laboratory Supplies	183,410	
Utility bills		
Total grants in kind	185,498,157	

8. Grants From Donors and Development Partners

Cancer Centre grant DANIDA		
World Bank grants		
Paediatric ward grant JICA		
Research grants		
Other grants		
Total grants from development partners		

8 (a) Grants from donors and development partners (Classification)

Name of the Donor	Classification				
	Relief	Health	Education	Other	Total
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

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Notes to Financial Statements Continued

9. Transfers From Nandi County Facilities Improvement Fund

Description	2025	
	Kenya Shs	US\$
Transfer from Facilities improvement fund	40,698,866	
Total Transfers	40,698,866	

10. Public Contributions and Donations

Description	2025	
	Kenya Shs	US\$
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals	186,820	
Other donations(specify)		
Donations in kind amortised		
Total donations and sponsorships	186,820	000

10 (a)Reconciliations of amortised grants

Description	2025	
	Kenya Shs	US\$
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

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11. Rendering of Services Medical Service Income

Description		
Pharmaceuticals	2,066,899	
Non-Pharmaceuticals nursing procedure	7,955	
Laboratory	2,486,798	
Radiology	872,259	
Administration	157,216	
Theatre	2,948,378	
Physiotherapy Procedure	114,660	
Inpatient Services	730,544	
Ear Nose and Throat service	33,140	
Med X	394,200	
Special Clinics	56,610	
Dental services	334,490	
Reproductive health Maternity services	14,435	
Clinical Procedure	580	
Farewell home services	132,995	
Registration	6,927,979	
Plaster services	84,700	
SHA	29,952,841	
Nhif	19,633,814	
Total revenue from the rendering of services	66,950,493	30,172,960.50

Receivables being 12,751,773 and FY 23/24 NHIF Carry over amounts to 9,585,854 while actual amounts received are 44,612,866 as recorded in cash flow statement on note 11.

12. Revenue From Rent of Facilities

Description		
Residential property		
Commercial property		
Total Revenue from rent of facilities		

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13. Finance /Interest Income

Description	2024/2025	2023/2024
	KShs	KShs
Interest income from Cash investments and fixed deposits		
Interest from outstanding debtors		
Total finance income		

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Total Miscellaneous income		

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	KShs	KShs
Laboratory chemicals and reagents	6,147,158	3,811,392
Beddings and linen	248,400	
Food and Ration	2,873,235	2,266,035
Uniform, clothing, and linen	45,000	
Dressing and Non Pharmaceuticals	18,136,700	5,713,215
Pharmaceutical supplies	16,129,942	3,484,365
Medical equipment	140,000	
stationary		1,337,050
Refined fuel		140,000
Sanitary and cleansing Materials	1,739,475	737,600
Purchase of Medical gases	23,700	
Fuel for production		436,500
Mortuary		382,600
X-ray/Radiology supplies	41,600	
Total medical/ clinical costs	45,525,210	18,308,757

Trade payables are 7,495,187 and in kind supplies by the CGN is 8,357,405 while actual payments made amounts to 29,017,618 recorded in the cash flow note 15.

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16. Employee Costs

Salaries, and allowances (CGN Payroll)	176,302,624	
Salaries and wages, (NHCH Board)	2,093,000	
Employee costs	178,395,624	

17. Board of Management Expenses

Sitting allowance	284,500	350,400
Total	284,500	350,400

18. Depreciation and Amortization Expense

Property, plant and equipment	79,000	
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	79,000	

19. Repairs And Maintenance

Property Buildings	1,192,942	799,780
Medical equipment	3,470,852	331,040
Total repairs and maintenance	4,663,794	1,130,820

Actual payments made is 3,679,670 as per note 19 of the cash flow statement

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20. Grants And Subsidies

Description	2024/2025	
	2024	2025
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies		
Total grants and subsidies		

21. General Expenses

Description	2024/2025	
	2024	2025
Catering services	282,700	530,720
Computer accessories	180,000	263,430
Fuel and Lubricants	190,000	
Firewood	584,000	
Printing and stationery	1,351,950	
Bank charges	11,532	
purchase of furniture	40,000	
Telephone and airtime	380,000	
Daily Subsistence Allowance	200,200	
Total General Expenses	3,220,382	794,150

22. Transfers to FIF

Description	2024/2025	
	2024	2025
Nandi County Facilities Improvement Fund	52,202,638	
	52,202,638	-

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

Description	2024/2025	2023/2024
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised		
Total gain on sale of assets		

24. Unrealized Gain on Fair Value Investments

Description	2024/2025	2023/2024
Investments at fair value		
Total gain	00	00

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
Comprehensive care contracts with NHIF	-	
Non- Comprehensive contracts care with NHIF		
Linda Mama Program		
Waivers and Exemptions	7,244,919.00	
Total Gain/Loss	7,244,919.00	

26. Impairment Loss

Description	2024/2025	2023/2024
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss		

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27. Cash and Cash Equivalents

Current account 0107125525410 (national bank)	2,261,611	2,980
Current account 01141594313800 (cooperative bank)	1,992,085	9,585,854
Fixed deposits accounts		
Cash in hand		
Others (specify) Mobile money		
Total cash and cash equivalents	4,253,696	9,588,834

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

a) Current account			
Nandi hills Sub county Hospital National bank	01071255254100	2,261,611	2,980
Nandi county NHIF Nandi hills Cooperative	01141594313800	1,992,085	9,585,854
Sub total		4,253,695	9,588,834
b) On call deposits			
Kenya Commercial bank			
Equity Bank – etc.			
Sub total			
c) Fixed deposits account			
Bank Name			
Sub total			
d) Others (specify)			
cash in hand			
Mobile money Mpesa, Airtel money			
Sub total			
Grand total		4,253,695	9,588,834

28. Prepayments

Description		
Insurance		
Rent		
Water		
Internet		
Others specify		
Total		

29. Receivables from Exchange Transactions

Description		
Medical services receivables (SHA)	12,745,776	
Other exchange debtors		
Less: impairment allowance		
Total receivables	12,745,776	-

Analysis of Receivables From Exchange Transactions

Description				
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	12,745,776	100%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	12,745,776	%	00	%

30. Receivables From Non Exchange Transactions

Description		
Transfers from the County Government		
Undisbursed donor funds		
SHA		
Less: impairment allowance	0	0
Total		

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Analysis of Receivables From Non Exchange Transactions

	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

31. Inventories

Pharmaceutical supplies	4,411,462	1,523,747.00
Food Supplies		256,420.00
Non pharmaceuticals	570,325	1,317,420.00
Total	4,981,787	3,097,587.00

Detailed disclosure on inventories

Opening balance	3,097,587	
Additional Inventory in the year	1,884,200	3,097,587
Inventory expensed in the year		
Write downs in the year		
Others specify		
Closing balance	4,981,787	3,097,587

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Building and civil works	Plant and machinery	Intangible intangibles and other equipment	ICT Equipment	Plant and medical equipment	Other Assets (Specif)	Capital Works in progress	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost									
At 1 July 2024									
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
At 30th Jun 2024									
At 1 July 2024									
Additions			40,000		180,000	100,000			320,000
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
At 30th Jun 2025			40,000		180,000	100,000			320,000
Depreciation and impairment									
At 1 July 2024									

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Depreciation for the year								
Disposals								
Impairment								
At 30 June 2024								
At July 2025								
Depreciation			5,000		54,000	20,000		79,000
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2025			5,000		54,000	20,000		79,000
Net book values								
At 30 th June 2024								
At 30 th June 2025			35,000		126,000	80,000		241,000

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Notes to the Financial Statements (Continued)

33.Intangible Assets Software

Intangible Assets Software		
Cost		
At beginning of the year		
Additions		
Additions-Internal development		
Disposal	0	0
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year		
NBV		

34.Investment Property

Investment Property		
At beginning of the year		
Additions		
Disposals during the year	0	0
Fair value gain		
Depreciation (where investment property is at cost)	0	0
Impairment	0	0
At end of the year		

35.Biological Assets

Biological Assets		
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
Total		

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36. Trade and other Payables

Description	2024-2025		2023-2024	
	Kenya Shs	% of the Total	Kenya Shs	% of the total
Trade payables	8,047,562		3,097,587.00	
Third-party payments (e.g. unremitted payroll deductions)	00		00	
Audit fee	00		00	
Doctors' fee	00		00	
Total trade and other payables	8,047,562		3,097,587.00	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	7,063,438	96%	3,097,587	100%
1-2 years	984,124	4%	00	0%
Total	8,047,562	100%	3,097,587	0%

37. Refundable Deposits from Customers/Patients

Description	2024-2025		2023-2024	
	Kenya Shs	% of the Total	Kenya Shs	% of the Total
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (specify)				
Total deposits				
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

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38.Provisions

Balance at the beginning of the year				
Additional Provisions				
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions				
Current Provisions				
Non-current Provisions				
Total Provisions				

39.Finance Lease Obligation

	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

40.Deferred Income

Current Portion		
Non-Current Portion		
Total		

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

Balance b/f				
Additions during the year				
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (Specify)	0	0	0	0
Balance C/F				

41. Borrowings

Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period		

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

Current Obligation		
Non-Current Obligation		
Total		

42. Service Concession Arrangements

Service Concession Arrangements		
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date	0	0
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized	0	0
Service concession liability at end of the year		

43. Cash Generated from Operations

Cash Generated from Operations		
Adjusted for:	1,938,269	9,588,834.00
Depreciation	79,000	
Non-cash grants received		
Impairment		-
Gains and losses on disposal of assets		-
Contribution to provisions		-
Contribution to impairment allowance		-
Working Capital adjustments		
Increase in inventory	2,492,194	-
Increase in receivables	12,587,775	-
Increase in deferred income		-
Increase in payables	8,047,562	-
Increase in payments received in advance		-
Net cash flow from operating activities	(5,015,138)	9,588,834

Being correction of inventories not disclosed in the previous financial year.

Correction of Inventories	
Adjusted for:	9,588,834.00
Working Capital adjustments	
Increase in inventory	3,097,587.00
Net cash flow from operating activities	6,491,247.00

44. Financial Risk Management

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

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

(i) Credit risk

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

At 30 June 2024				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2025				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

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

(ii) Liquidity risk management

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

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

Description	30 June 2024		30 June 2025	
	Contractual maturities less than 12 months	Contractual maturities more than 12 months	Contractual maturities less than 12 months	Contractual maturities more than 12 months
At 30 June 2024				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2025				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

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(iii) Market risk

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

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

a) Foreign currency risk

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

	2024	2023	2022
At 30 June 2024			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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Foreign currency sensitivity analysis			
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

Foreign currency sensitivity analysis			
2024			
Euro	10%		
USD	10%		
2025			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2025: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2025 – KShs 0).

iv) Capital Risk Management

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

Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances	0	0
Net debt/ (excess cash and cash equivalents)		
Gearing	0%	0%

45.Related Party Balances

Nature of related party relationships

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

Nandi County Government is the principal shareholder of Nandi Hills Sub County Hospital, holding 100% of Nandi hills sub county hospital equity interest. The National Government of Kenya has provided full guarantees to all long term lenders of the entity, both domestic and external. The related parties include:

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

Transactions with related parties		
Transactions with related parties		
a) Services offered to related parties		
Services to Nandi hills sub county hospital		
Sales of services to Nandi hills sub county hospital		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for Nandi hills sub county hospital employees		
Payments for goods and services for Nandi hills sub		

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	2024/2025	2023/2024
	Kshs	Kshs
county hospital		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

46. Segment Information

47. Contingent Liabilities

	2024/2025	2023/2024
	Kshs	Kshs
Court case Nandi Hills Sub County hospital		
Bank guarantees in favour of subsidiary		
Total		

48. Capital Commitments

	2024/2025	2023/2024
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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20.appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

	Issue / Observations from Auditor		Status: (Resolved / Not Resolved)	
NHCH/MR//2023-2024	Presentation of financial statements	The management amended the financial statements to capture the said concerns.	resolved	28th may 2025
	Accuracy of financial statements.	A revised financial statement was done to factor all the raised issues	resolved	28th may 2025
	Variance between schedules and disclosed amounts	The management has corrected the in the revised financial statements.	resolved	28th may 2025
	Risk management policy	In progress	Not resolved	2027
	Lack of an approved staff establishment/human resource plans.	Human resource plan has been prepared	resolved	28th may 2025
	Failure to prepare an operational budget	Corrective action done correctively	resolved	28th may 2025
	Non valuation of Property, Plant and Property	Land, building, motor vehicle, furniture and equipment are owed by country government	resolved	
	Role of hospitals in universal health care (UHC)	The hospital has employed additional staff to fill the gap and also the county employment process	Not resolved	Dec 2025

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		is on going		
	Revenue exchange transaction.	from	The management did communicate with NHIF to establish on receivables but it has been in vain since the winding up of NHIF and taken over by SHIF/SHA	Not Resolved
	Undisclosed revenues nonexchange transaction.	from	The management revised the financial statements and all revenues during the year has been disclosed.	resolved 28th may 2025
	Management storage medical/clinical materials.	and of	Enough space was created, installation of and system management of stock	resolved 28th may 2025
	Undisclosed receivables exchange transactions	from	The management revised financial statements to present all receivables from exchange transactions.	resolved 28th may 2025
	Unsupported inventories		The management have revised financial statement and supporting schedules of inventories have been provided	resolved 28th may 2025
	Pharmaceuticals and Nonpharmaceutical.		The facility is in process of registering its pharmacy for the financial year 2025/2026 as well as expanding the pharmacy store.	Not resolved 2025/2026
	Cash and equivalent	cash	The management provided certificate of bank balances to confirm the accuracies of account balances in the financial statement.	Resolved 28th may 2025
	Inaccuracies in the statement	of	The management have amended the	Resolved 28th may 2025

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	financial position.	financial statement to reflect the true position of the statement of financial position.		
	Non adherence to UHC guidelines	Both the county and the hospital continue to engage staff	Not resolved	28th may 2025

Guidance Notes:

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



Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Sl. No.	Project Name	Donor	Year of Implementation	Amount	Actual Expenditure	Completion %
1	N/A	N/A	N/A	N/A	N/A	N/A
2						

Status of Projects completion

Sl. No.	Project Name	Donor	Year of Implementation	Amount	Actual Expenditure	Completion %
1	N/A	N/A	N/A	N/A	N/A	N/A
2						
3						

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Appendix III: Inter Entity Confirmation Letter

Name of Transferring entity :Nandi County Facilities Improvement Fund

Name of Beneficiary entity: Nandi Hills Sub County Hospital

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
NCH/FIN/VOL.1(85)	18/7/2024	10,409,782		10,409,782	
NCH/FIN/VOL.1(85)	8/10/2024	6,287,368		6,287,368	
NCH/FIN/VOL.1(85)	2/12/2024	3,800,000		3,800,000	
NCH/FIN/VOL.1(85)	27/1/2025	3,100,000		3,100,000	
NCH/FIN/VOL.1(85)	21/03/2025	1,503,875		1,519,757	
NCH/FIN/VOL.1(85)	21/03/2025	1,306,326		1,306,326	
NCH/FIN/VOL.1(85)	12/06/2025	14,275,000		14,275,000	
Total		40,682,984		40,698,866	

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

Head of Accounts Department Disbursing Entity:

Name *PA James Kenyon*

Sign 

Date *17/9/2025*

Head of Accounts Department Beneficiary Entity:

Name *Salome Chebuk*

Sign 

Date *17/09/2025*

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Appendix IV Reporting of Climate Relevant Expenditures

				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A