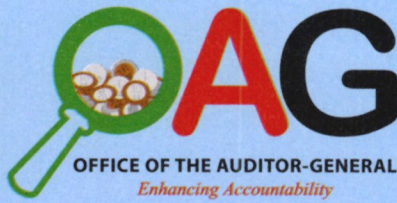


REPUBLIC OF KENYA

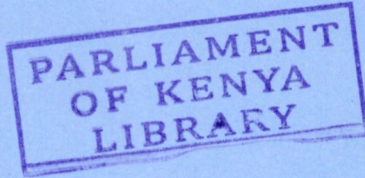


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



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THE AUDITOR-GENERAL

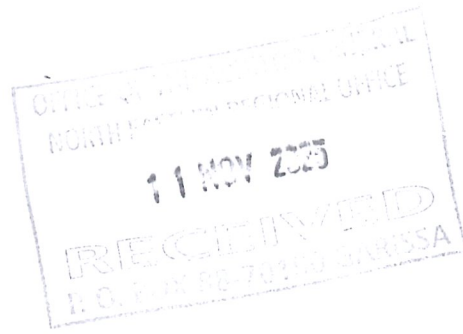
ON

IFTIN SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF GARISSA





IFTIN SUBCOUNTY LEVEL 4 HOSPITAL GARISSA COUNTY GOVERNMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Iftin Sub County Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Garissa County under the xx Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mandate of the hospital is to ensure that the people of Iftin have access to affordable, easily accessible, community-acceptable, technologically updated, and quality health care services.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer
- Medical Superintendent
- Hospital Administrator

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Bishar Hussein
2.	Head of Administration	Mr. Abubakar Khalif
3.	Head of Nursing Services	Mrs. Salima Barre Osman
4.	Head of clinical Services	Mr. Douglas Kemboi

(e) Fiduciary Oversight Arrangements

- Hospital management Board
- Internal audit
- Audit committee
- County assembly
- Parliamentary committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 256-70100
Garissa-Ijara Road,
Iftin,
GARISSA KENYA

(g) Entity Contacts

Telephone: (+254)737648078
E-mail: iftinsubcountyhospital7@gmail.com

(h) Entity Bankers

Premier Bank -Garissa Branc

(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.
, Kenya

3. The Board of Management

Ref	Board Members	Details
1.	<p>Chairperson</p>  <p>Mr Idris Ibrahim Maalim</p>	<p>Mr. Idriss is the chairman for The Hospital Management Board. He Has Over 30 Years' Experience in Healthcare Administration, He Holds Bachelor of Business Administration, He Plays a Great Role in Community Mobilization Liaison Person During Mass Screening/Polio Campaigns</p>
2.	 <p>Dr Bishar Hussein Hassan Secretary/medsup</p>	<p>He is the Medical Superintendent of the Hospital and a Secretary to The Hospital Committee. He Is 42 Years and Has a Bachelor's Degree (MBChB) From Kampala international University (KIU).</p>
3.	 <p>Sheikh Abdisalan Sheikh Mohammed Member</p>	<p>Experienced member with demonstrated history of working in the human resources industry. skilled in non-profit organizations, analytical skills, organizational leadership, management, and strong operations professional, he has over 40 years' experience. He has degree in business administration specializing human resource management</p>
4.		<p>Experienced member with demonstrated history of working in the education sector. where he rose to the rank of provisional director education, he has over 45 years' experience, he holds master in educational leadership and bachelor of art education skilled organizational leadership, management, and strong operations</p>

	Mr Abdullahi Hajj Abdi member	
5.		<p>Dr. Mohamed Ahmed is the Sub-County Medical Officer of Health for Garissa, bringing over 20 years of progressive experience in health systems management and leadership. He holds a degree in Pharmacy and a Master's in Business Administration, a unique combination that equips him with both clinical expertise and strategic management skills. Throughout his career, Dr. Ahmed has demonstrated strong leadership in strengthening healthcare delivery, improving access to essential services, and guiding policy implementation at both community and institutional levels. His work has focused on optimizing resource use, building resilient health systems, and enhancing collaboration among stakeholders in the health sector. Known for his results-oriented approach, he has successfully led initiatives in public health planning, service integration, and workforce development. With his commitment to innovation and excellence, Dr. Ahmed continues to play a pivotal role in advancing quality healthcare and improving health outcomes in Garissa Sub-County.</p>
6.	 Mr. Amina Issa Abdi member	<p>She is an experienced educationist and an active member of the Garissa Farmers Network, where she advocates for inclusive participation and sustainable community development. As a representative of people with disabilities, she is deeply committed to advancing equity, empowerment, and social inclusion. She holds a Bachelor of Arts in Education and has over 15 years of experience in educational leadership, during which she has contributed to improving learning outcomes and institutional growth. In addition, she brings 15 years of rich experience in civil society and the NGO sector, focusing on advocacy, policy engagement, and grassroots empowerment initiatives.</p>

7.	 <p>Mr. Ibrahim Kassim Shurie member</p>	<p>He is an experienced project management professional currently working with the Kenya Red Cross Society, where he oversees humanitarian and development initiatives that strengthen community resilience. With over 10 years of experience, he has successfully led projects in health, nutrition, and emergency response, demonstrating strong skills in planning, coordination, and stakeholder engagement. He holds a Bachelor's degree in Public Health and Nutrition, which provides a solid foundation for his work in addressing community health challenges. Passionate about youth empowerment, he actively represents young people, ensuring their voices are included in decision-making processes that shape sustainable development outcomes.</p>
8.	<p>Member</p>  <p>Mr. Somane Hassan Abdi</p>	<p>He is an experienced medical doctor with a strong background in clinical practice and public health leadership. Currently serving as the Sub-County Medical Officer of Health for Makadara Sub-County, he provides strategic oversight in healthcare delivery, disease prevention, and health system strengthening. He holds a Bachelor of Medicine and Bachelor of Surgery (MBChB) degree and a Postgraduate Diploma in Tropical Medicine from the University of Nairobi, equipping him with expertise in managing complex tropical and infectious diseases. With years of experience in health service management, he is dedicated to improving population health and advancing quality, accessible healthcare for all.</p>

4. Key Management Team

Ref	Management	Details
1.	Dr. Bishar Hussein	Medical superintendent
2.	Mr. Abubakar Khalif	Hospital Administrator
3.	Mrs. Salima Bare Osman	Nursing officer in-charge
4.	Mr. Douglas Kemboi	Clinical officer in-charge
5.	Mr. Moses Barasa	Laboratory in-charge
6.	Mrs. Maximilla Ocheing	Pharmacy in-charge
7.	Mr. Abdisahal Burale	Eye department in-charge
8.	Mr. Joseph Mutua	In charge of Record department

5. Chairman's Statement

Iftin Sub-County Hospital is a Level 4 facility that aspires to be a centre of excellence in the provision of accessible, affordable, and socially acceptable quality healthcare services within the region and beyond.

The main mandate of the hospital is to provide rehabilitative and preventive healthcare services to all. It strives to ensure that services are of high quality and easily accessible to residents of the sub-county and to patients referred from neighbouring lower-level health facilities.

The hospital currently serves as a referral hub within Garissa Sub-County, accommodating several surrounding health centres and dispensaries.

Achievements

The hospital has undergone a major facelift in terms of infrastructure through renovations supported by the National Government, County Government of Garissa, and partners. Key improvements include:

1. **Renovation and Expansion of the Outpatient Department (OPD):** The OPD was upgraded and expanded to increase capacity, improve patient flow, and enhance the quality of services provided to the growing community.
2. **Renovation and Expansion of the Pharmacy and Non-Pharmaceutical Store:** The facility expanded storage and dispensing areas, ensuring better stock management, reduced congestion, and timely access to essential medicines and supplies.
3. **Construction of a New Theatre and Maternity Unit:** A modern theatre was constructed to support surgical services, alongside a new maternity wing aimed at improving maternal and newborn health outcomes.
4. **Renovation and Partitioning of the Laboratory and Nutrition Department:** The laboratory was upgraded and restructured for efficiency, while the nutrition department was renovated to strengthen preventive and therapeutic nutrition services.
5. **Construction of Main Entrance and Exit Gates:** New gates were constructed to enhance security, regulate movement, and improve overall facility organization.
6. **Construction of a New Incinerator and Elevated Water Tank (10,000 Litres) by TDH:** A new incinerator was installed to ensure safe medical waste disposal, while an elevated water tank was built to guarantee reliable water supply for hospital operations.
7. **Renovation of the Current Maternity Ward:** Existing maternity facilities were refurbished to improve patient comfort, service delivery, and overall maternal care.

8. Installation of Rainwater Harvesting Tank by TDH: A rainwater harvesting system was introduced to support sustainable water use and strengthen environmental conservation within the hospital.

Challenges

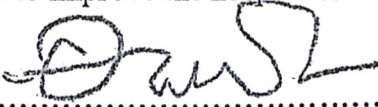
Despite its Level 4 status, the hospital continues to face several challenges:

- Lack of a theatre, dental, and imaging departments essential for managing complications
- Absence of a medical waste management centre (incinerator)
- Inadequate storage space for both drugs and non-pharmaceutical items
- Congested and dilapidated wards

Looking Into the Future

The Hospital Board remains optimistic that the hospital will progressively attain a higher level of efficient service delivery and realize its mission standards in the coming years.

I take this opportunity to thank the committee members for their tireless collaboration with the hospital management team, stakeholders, partners, and the County Government in the effort to improve the hospital's standards.



.....
Name
Chairman to the Board

6. Report of The Medical Superintendent

Iftin Sub-County Hospital started as a food distribution point for the malnourished, run by Médecins Sans Frontières (MSF). It was later developed into a dispensary in 1992 by Japanese Mikono International. Two years later, it was transferred to the Government of Kenya and gazetted as a health centre under the Ministry of Health.

The hospital aspires to be a centre of excellence in the provision of accessible, affordable, and socially acceptable quality healthcare services in the region and beyond.

Mandate and Role

The main mandate of the hospital is to provide rehabilitative and preventive healthcare services to all, while serving as a referral hub for Garissa Sub-County, including surrounding health centres and dispensaries.

The hospital offers a range of services including:

- Emergency care
- Inpatient and outpatient services
- Maternal and child health
- Preventive health programs
- Pharmacy services
- Laboratory services

It serves a broad population, with a focus on women, children, and the elderly, ensuring access to quality healthcare.

The hospital also serves as a training centre for nursing students, clinical officer trainees, and other healthcare workers.

Human Resource

The hospital has 86 staff members, comprising:

- 3 Medical Officers
- 1 Pharmacist
- 2 Public Health Officer
- 8 Registered Clinical Officers (RCOs)
- 26 Nurses
- 2 Pharmaceutical Technologists
- 6 Laboratory Technologists
- 6 Nutrition Officers
- 3 Hospital Administrators
- 3 Health Records and Information Officers (HRIOs)
- 12 Support Staff
- 2 Revenue Clerks
- 1 Hospital Cook
- 14 Casual Workers
- 4 Watchmen

- 5 Community Health worker

Financial Performance

a) Revenue

The hospital's revenue is derived from Facility Improvement Funds (FIF). During the financial year, the hospital realized significant improvement compared to 2023/2024.

- Operating revenue: Kshs.5,893,680 (cash collections)
- SHAreimbursement:kshs 6,713,749.6

Outpatient and inpatient admissions, as well as skilled deliveries, increased by 95%. Key revenue drivers included Laboratory, Pharmacy, Maternity, and OPD services.

b) Expenditure

Total expenditure amounted to Kshs.. 17,909,669, representing 100% of the approved budget. Major expenditure items included:

- Staff remunerations
- Maintenance of plant and equipment
- Non-pharmaceuticals
- Food and rations
- Laboratory reagents
- Motor vehicle maintenance
- Office and medical stationery
- Fuel

c) Deficit

The hospital faces a deficit of approximately Kshs.. 4,200,000 in pending bills. Since 2019, the County Government has not settled bills for water, electricity, and suppliers. This has resulted in:

- Suppliers declining hospital requests
- Frequent power outages by KPLC

d) Strategy

Plans are underway to upgrade infrastructure and introduce a paperless system and electronic medical records (EMR) to improve efficiency, reduce patient turnaround time, and minimize data, financial, and commodity losses.

e) Achievements

Key milestones realized in the last financial year include:

1. **Renovation and Expansion of the Outpatient Department (OPD):** The OPD was upgraded and expanded to increase capacity, improve patient flow, and enhance the quality of services provided to the growing community.
2. **Renovation and Expansion of the Pharmacy and Non-Pharmaceutical Store:** The facility expanded storage and dispensing areas, ensuring better stock management, reduced congestion, and timely access to essential medicines and supplies.

3. **Construction of a New Theatre and Maternity Unit:** A modern theatre was constructed to support surgical services, alongside a new maternity wing aimed at improving maternal and newborn health outcomes.
4. **Renovation and Partitioning of the Laboratory and Nutrition Department:** The laboratory was upgraded and restructured for efficiency, while the nutrition department was renovated to strengthen preventive and therapeutic nutrition services.
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7. **Renovation of the Current Maternity Ward:** Existing maternity facilities were refurbished to improve patient comfort, service delivery, and overall maternal care.
8. **Installation of Rainwater Harvesting Tank by TDH:** A rainwater harvesting system was introduced to support sustainable water use and strengthen environmental conservation within the hospital.

Additionally, the County Government posted more healthcare workers to the facility, strengthening service delivery.

Challenges

Despite the progress, the hospital continues to face challenges including:

- Financial constraints and pending bills
- Inadequate human resources
- Water shortages
- Lack of an administration block, dental unit, and radiology services
- General infrastructure gaps affecting smooth service delivery

Looking Forward

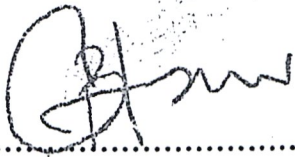
The Hospital Board is optimistic that Iftin Sub-County Hospital will be upgraded and become fully operational at its designated level. Consistent with its vision, the Board is committed to:

- Investing in modern technology
- Expanding infrastructure
- Recruiting specialized human resources

This will position the hospital as the premier healthcare facility in Garissa Sub-County and a referral hub for neighbouring health centres.

Appreciation

We extend our sincere gratitude to the Ministry of Health, the County Government of Garissa, development partners, stakeholders, management, and staff for their continued support, which has enabled the hospital to achieve these milestones.



.....
Name
Secretary to the Board
MED-SUP

7. Statement of Performance Against Predetermined Objectives

Iftin Sub-County Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the 2024/2025 – 2026/2027. These strategic pillars/ themes/ issues are as follows:

- 1: Community Health Strategy
- 2: Universal Health Coverage (UHC)

Iftin Sub-County Hospital develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2025/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Community health	Improve health by eliminating communicable diseases and reducing the burden of non-communicable diseases, while providing essential healthcare	Number of immunized children - Number of clients with controlled NCDs	- Immunization of all under-5 children - Screening and treatment of all communicable diseases - Screening and management of non-communicable diseases	Over 80% of children immunized- Increased number of clients screened and managed for NCDs
Universal Health Coverage (UHC)	Provide accessible and affordable health services for all	Workload coverage- Number of households registered	- Household registration for UHC- Expansion of outpatient and inpatient service coverage	- Over 70% household registration achieved- Improved service utilization across OPD, MCH, and inpatient unit strategy

8. Corporate Governance Statement
i. Appointment of Board Members

The appointment of members to the Hospital Management Board is done by the County Executive Committee Member for Health and duly gazetted. The Board comprises not more than seven members, including a Chairperson, the Sub-County Medical Officer of Health, the Chief Executive Officer/Medical Superintendent as Secretary, a finance and administration expert, a youth and disability representative, and two members representing community interests. Members are appointed for a term of three years, renewable once, with staggered terms to ensure continuity. The Board operates under an approved charter that outlines its roles and governance structure.

ii. Roles and Functions of the Board

The Board is responsible for governance and oversight of hospital operations, particularly in relation to Facility Improvement Financing (FIF). Its roles include approval of annual and quarterly budgets, monitoring resource utilization, mobilizing resources, overseeing financial and procurement compliance, reviewing performance reports, making policy recommendations, and ensuring public participation in hospital planning and budgeting.

iii. Induction, Training, and Development

All newly appointed Board members undergo induction to familiarize themselves with the hospital's mandate, policies, and relevant laws, including the Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015. Ongoing training and capacity-building programs are conducted to enhance members' knowledge in governance, health systems management, and financial oversight.

iv. Board and Members' Performance

The performance of the Board and its members is assessed annually through performance reviews linked to approved work plans, budgets, and hospital service delivery indicators. This ensures accountability and continuous improvement in governance practices.

v. Board Meetings and Attendance

The Board holds quarterly meetings in line with statutory requirements, with additional special meetings convened as necessary. Attendance is recorded, and reports are prepared to track the commitment and participation of each member in the governance of the hospital.

vi. Succession Plan

The Board has adopted a succession plan to ensure leadership continuity. Staggered appointment terms guarantee smooth transitions, while grooming of future leaders is embedded in the governance framework to avoid gaps in institutional leadership.

vii. Conflict of Interest Policy

The Board has adopted a conflict of interest policy requiring members to declare personal or financial interests in matters before the Board. Such members are required to recuse themselves from deliberations to safeguard transparency, accountability, and impartiality in decision-making.

viii. Board Remuneration

Remuneration for Board members is guided by relevant county regulations and policies. Members receive allowances and reimbursements for attending meetings and undertaking official duties, consistent with public service guidelines.

ix. Ethics and Conduct

The Board is guided by a code of conduct that upholds integrity, professionalism, and accountability. Members are expected to adhere to ethical standards as provided under Chapter Six of the Constitution of Kenya, 2010, and related statutes.

x. Governance Audit

The hospital is subject to periodic governance audits to evaluate compliance with relevant laws, regulations, and governance best practices. The audit assesses the effectiveness of Board structures, policies, and operations, with recommendations for continuous improvement.

xi. Communication Policy

The Board has adopted a communication policy that ensures timely, transparent, and effective communication with stakeholders, including staff, patients, partners, and the community. This policy also guides internal communication and information sharing to support decision-making.

xii. Terms of Reference of Committees

The Board operates through three specialized committees: Finance and General Purposes; Quality of Curative Services; and Public Health Care Services. Each committee has clear Terms of Reference defining its roles, responsibilities, and reporting obligations to the Board.

xiii. Policy on Related Party Transactions

The Board has put in place a policy to manage related party transactions, ensuring that all dealings involving Board members, management, or their affiliates are transparent, fairly disclosed, and conducted at arm's length to prevent misuse of resources.

9. Management Discussion and Analysis

The management of Iftin Sub-County Hospital presents the following report on the operational and financial performance of the hospital for the three years ended 30th June 2025. The discussion highlights key service delivery statistics, financial results, major risks, partnerships, and compliance with statutory requirements.

Clinical and Operational Performance

Bed Capacity

- The hospital has a total bed capacity of 29 beds comprising 21 general ward beds and 8 maternity beds.

Accident and Emergency Attendance

- The hospital managed minor accident and emergency cases, stabilizing patients before discharge or admission. Data on total cases attended will be included once finalized.

Specialized Clinic Attendance

- 1,148 special clinics were conducted under this review period

Average Length of Stay

- The average length of stay for inpatients was 2 days, indicating quick patient turnover and efficient use of limited bed space.

Mortality Rate

- Mortality rate is zero during this review period.

Surgical Theatre Utilization

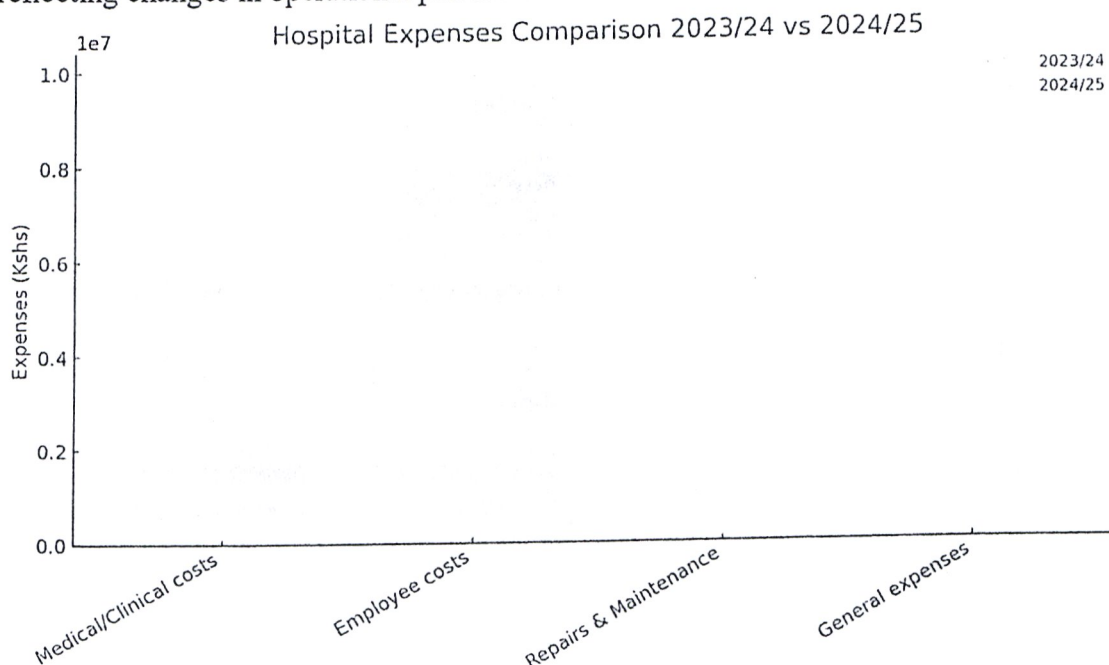
- The surgical theatre remained non-operational during the period. Patients requiring surgical interventions were referred to higher-level facilities.

Sponsorships and Partnerships

- The hospital partnered with organizations such as IRC, TDH, Save the Children, and WOHEd, which supported outreach programs and enhanced access to preventive and curative services within the catchment area.

Financial Performance

The analysis below provides a comparison of hospital expenses for FY 2023/24 and FY 2024/25. The chart highlights significant trends in expenditure across major categories, reflecting changes in operational priorities and resource allocation.



Surplus/Deficit Position

- The hospital realized a net surplus of Kshs.. 1,758,191 in 2024/25, compared to Kshs.. 2,613,123 in 2023/24, reflecting a decline mainly due to reduced in-kind contributions from the County Government and higher operating costs

10. Environmental And Sustainability Reporting

i. Sustainability Strategy and Profile

Iftin Sub-County Hospital is committed to ensuring continuous and high-quality service delivery despite challenges such as chronic shortages of essential commodities and staffing gaps. The hospital enforces staff duty schedules to guarantee that all departments remain functional. Critical services, including emergency care and maternal and child health, are provided throughout the year. To sustain service delivery, the hospital ensures timely ordering of vaccines, supplements, and other essential medical supplies.

ii. Environmental Performance

The hospital upholds environmental protection through a functional infection prevention program and proper medical waste disposal systems. These measures safeguard patients, staff, and the surrounding community while ensuring compliance with environmental health standards.

iii. Employee Welfare

Most hospital staff are employed by the County Government under contract, with a few on permanent and pensionable terms. Employees benefit from periodic trainings, Continuous Medical Education (CMEs), and on-the-job training to enhance skills and competencies. However, the hospital lacks a structured staff appraisal framework. Employees are guided by established safety protocols and are committed to fulfilling their duties.

iv. Market Place Practices

a) Responsible Competition Practice

The hospital competes fairly with sister facilities within the sub-county and county, focusing on service quality, targets achieved, and staff welfare. It maintains a corruption-free and non-partisan environment.

b) Responsible Supply Chain and Supplier Relations

The hospital fosters positive supplier relationships through timely payments, courteous engagement, and accurate documentation of invoices and orders. Collaboration with other facilities within the county further strengthens the supply chain.

c) Responsible Marketing and Advertisement

Promotion of hospital services is carried out through ECSM activities, health education campaigns, community dialogue forums, and notices displayed on hospital notice boards.

d) Product Stewardship

The hospital strictly adheres to policies, protocols, and Standard Operating Procedures (SOPs) to safeguard patient rights, ensure service quality, and protect consumer interests.

v. **Corporate Social Responsibility (CSR) and Community Engagement**

The hospital engages the community through outreach programs, health education activities, and community dialogue days. These initiatives foster collaboration with residents, enhance health awareness, and improve access to essential healthcare services.

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, which show the state of the *hospital's* affairs.

Principal activities

The principal mandate of the hospital is to ensure that the people of Iftin have access to affordable, easily accessible, community acceptable, technologically updated and quality health care services.

Results

The results of the entity for the year ended June 30 2025, are set out on pages 1 to 5

Board of Management

The members of the Board who served during the year are shown on page . During the year, Member(s) retired/ resigned, and director (s) was appointed with effect from date.

Auditors

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

By Order of the Board



.....
Name
Secretary to the Board
Med Sup

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 *Iftin Subcounty Hospital*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *Hospital* for that year/period. The Board of Management is also required to ensure that the *Hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Hospital*. The council members are also responsible for safeguarding the assets of the *Hospital*.

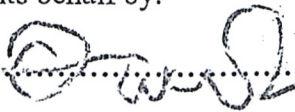
The Board of Management is responsible for the preparation and presentation of the *Hospital's* financial statements, which give a true and fair view of the state of affairs of the *Hospital* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i)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

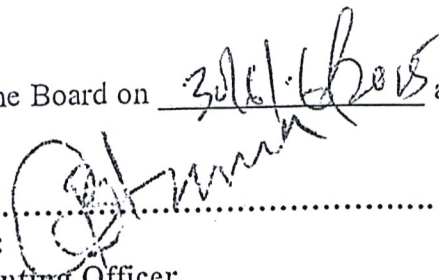
The Board of Management accepts responsibility for the *Hospital's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Garissa County Health Facility Improvement Financing Act, 2023. The Board members are of the opinion that the *Hospital's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *Hospital's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Hospital*, which have been relied upon in the preparation of the *Hospital's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/6/2025 and signed on its behalf by:

.....
Name: 
Chairperson
Board of Management

.....
Name: 
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 IFTIN SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF GARISSA

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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Iftin Sub-District Hospital Level 4 Hospital - County Government of Garissa set out on pages 1 to 59 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

Report of the Auditor-General on Iftin Sub-County Level 4 Hospital for the year ended 30 June, 2025 - County Government of Garissa

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Iftin Sub-County Level 4 Hospital - County Government of Garissa as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Failure to Prepare and Submit Financial Statements for Prior Years

The Management did not prepare and submit financial statements for the 2021/2022 and 2022/2023 financial years. This was contrary to Section 149(2)(K) of the Public Finance Management Act, 2012 which provides that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned not later than three (3) months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

In the circumstances, the accuracy and completeness of comparative balances presented in the financial statements for the financial year ended 30 June, 2025 could not be confirmed.

2. Unsupported In-Kind Contribution

The statement of financial performance reflects in-kind contribution from the County Government amounting to Kshs.8,645,700 as disclosed in Note 7 to the financial statements. The in-kind contribution expenses were in respect of medical supplies and utility bills paid for by the County Executive of Garissa. However, the expenditure was not supported with procurement records such as user requisitions, delivery notes, inspection and acceptance minutes, stores records, payment certificates or payment vouchers.

In the circumstances, the accuracy and completeness of in-kind contribution of Kshs.8,645,700 could not be confirmed.

3. Unsupported Inventory Balance

The statement of financial position reflects an inventory balance of Kshs.840,000 as disclosed in Note 18 to the financial statements. However, the physical stock count sheet and stock ledger were not provided for audit to confirm the closing balance as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.840,000 could not be confirmed.

4. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant, and equipment balance of Kshs.139,156,902 as disclosed in Note 19 to the financial statements. However, Management did not maintain an asset register for its movable and immovable assets, which include land, buildings, motor vehicles, medical equipment, computers and furniture and fittings.

In addition, ownership documents for land and motor vehicles were not provided for audit, making it difficult to confirm ownership of the assets. Further, there was no evidence to indicate that the Hospital conducted valuation of its assets to determine their current market values

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.138,860,040 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ifin Sub-District Hospital level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, the 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, 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. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on the Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews conducted on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines as detailed below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage Deficiency
Medical Officers	16	3	13	81%
Anesthesiologist	2	0	2	100%
General Surgeons	2	0	2	100%
Gynecology	2	0	2	100%
Pediatrics	2	0	2	100%
Radiologist	2	0	2	100%
Kenya Registered Community Health Nurses	75	23	52	69%
Total	101	26	75	74%

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

Equipment & Machines	Level 4 Hospital Standard	Actuals In the Hospital	Variance	Percentage %
Beds	150	33	126	84%
Resuscitative (2 in Labor & 1 in Theatre)	3	2	1	33%
New Born Unit Incubators	5	2	3	60%
New Born Unit Cots	5	2	3	60%
Functional ICU Beds	6	0	6	100%
High Dependency Unit (HDU) Beds	6	0	6	100%
Renal Unit with at least 5 Dialysis Machines	5	0	5	100%
Two Functional Operational Theatres - Maternity & General	1	1	0	0%
Total	181	40	150	83%

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that 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.

Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

In the circumstances, the Hospital may not be able to deliver on its mandate.

2. Failure to Prepare Annual Work Plan and Budget

Management did not prepare the annual work plan and budget for the 2024/2025 financial year, contrary to Section 15(a) of the Facilities Improvement Fund (FIF) Act, 2023, which requires the Hospital Management Team to prepare and present an annual work plan and budget outlining the facility's improvement and financing activities.

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

3. Failure to Prepare Quarterly Financial Reports

Management did not prepare quarterly financial reports for the 2024/2025 financial year, contrary to Section 15(b) of the Facilities Improvement Fund (FIF) Act, 2023, which requires the Hospital Management Team to prepare and submit monthly, quarterly and annual financial reports relating to facility improvement financing.

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

4. Lack of a Functioning Board of Management

During the year under review, the Hospital operated without a functional Board. This is contrary to Section 9 of the Facilities Improvement Fund (FIF) Act, 2023, which requires the County Executive Committee Member to support the implementation of Facility Improvement Financing by appointing Health Facility Management Committees, Health Management Committees, and Boards, where applicable and publishing the same in the official Gazette.

The Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

Review of the internal control systems in the Hospital revealed that the Management had not established a Risk Management Policy to identify, mitigate and control operational and other risks that the Hospital may face from time to time. In addition, the Management did not carry out risk assessment to identify and address key areas of concern and document specific controls in response to any risks identified. Further, there was no documented disaster recovery plan to provide guidance in the event of a disaster.

In the absence of formally documented risk management policy and disaster recovery plan, the Hospital may be exposed to risks related to operations and system failure.

2. Lack of Approved Staff Establishment

The Hospital did not have an approved staff establishment that indicates the optimal number of staff required for each category, the current number of staff in post, and the variance.

In the absence of an approved staff establishment, it was not possible to ascertain whether the Hospital was operating within the optimal staffing levels.

3. Weak Revenue Controls

Review of revenue management revealed that the Hospital did not have an established and automated revenue collection system to receive, record, monitor, and report revenue. Revenue collections were carried out manually posing a risk of revenue linkages and incorrect records.

In the circumstances, existence of effective controls over the revenue collection system 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 the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

11 November, 2025

APPENDICES

Appendix I: Unresolved Prior Year Matters

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

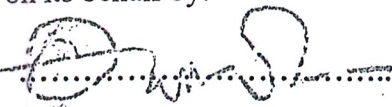
No.	Financial Year	Audit Issue
1.	2023/2024	Failure to Prepare and Submit Financial Statements for Prior Years
2.	2023/2024	Unsupported In-Kind Contribution Expenses
3.	2023/2024	Undisclosed Receivables – National Hospital Insurance Fund (NHIF) Claims
4.	2023/2024	Unconfirmed Inventory Balance
5.	2023/2024	Late Submission of Financial Statements
6.	2023/2024	Non-Disclosure of Institute of Certified Public Accountants of Kenya (ICPAK) Membership Number
7.	2023/2024	Failure to Prepare Quarterly Revenue Reports
8.	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
9.	2023/2024	Irregular Engagement of Casual Employees
10.	2023/2024	Operation Without an Approved Budget
11.	2023/2024	Failure to Establish Internal Audit Function and Audit Committee
12.	2023/2024	Lack of Hospital Board of Management
13.	2023/2024	Composition of Hospital Management Team
14.	2023/2024	Failure to Maintain Fixed Asset Register
15.	2023/2024	Lack of Risk Management Policy and Disaster Recovery Plan
16.	2023/2024	Lack of Approved Staff Establishment and Scheme of Service

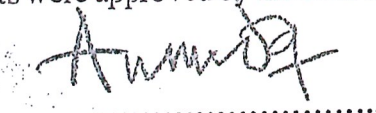
14. Statement of Financial Performance for The Year Ended 30 June 2025

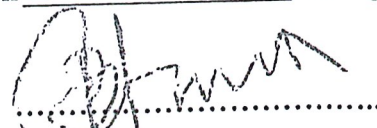
Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In-kind contributions from the County Government	7	8,645,700	12,902,922
Grants From Donors and Development Partners	8		
Public contributions and donations	9		
Revenue from exchange transactions			
Rendering of services- Medical Service Income	10	12,607,430	7,619,870
Revenue from exchange transactions			
Total revenue		21,253,130	20,522,792
Expenses			
Medical/Clinical costs	11	12,407,911	6,337,582
Employee Costs	12	1,890,000	8,900,000
Board of Management Expenses	13	-	-
Depreciation	14	2,159,397	-
Repairs and maintenance	15	556,250	1,309,245
General expenses	16	2,203,147	1,362,842
Total Expense		19,353,449	17,909,669
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets			
Total other gains/(losses)		-	-
Net Surplus /(Deficit) for the year		1,899,680	2,613,123

(The notes set out on pages 7 to 60 form an integral part of the Annual Financial Statements.)

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


Chairman
Board of Management


Head of Finance
ICPAK No: 00392

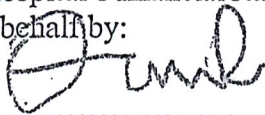

Medical Superintendent

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

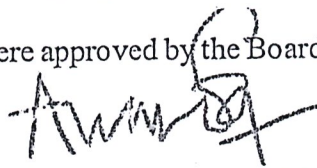
Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	17	7,197,857	3,951,329
Inventories	18	840,000	540,000
Total Current Assets		8,037,857	4,491,329
Non-current assets			
Property, plant, and equipment	19	139,156,902	140,760,000
Intangible assets	20	306,250	350,000
Total Non-current Assets		139,463,152	141,110,000
Total assets (A)		147,501,009	145,601,329
Liabilities			
Current liabilities			
Trade and other payables	21		
Total Current Liabilities			
Total Liabilities (B)			
Net assets (A-B)		147,501,009	
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,512,803	2,613,123
Capital Fund		142,988,206	142,988,206
Net Assets		147,501,009	145,601,329

(The notes on pages 7 to 49 form an integral part of the Annual Financial Statements.)

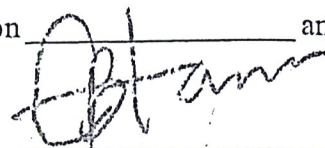
The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 25792



Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2025 (previous year)	-	-	142,988,206	142,988,206
Revaluation gain		-	-	
Surplus/(deficit) for the year		2,613,123		2,613,123
Capital/Development grants	-	-		
As at June 30, 2025 (previous year)	-	2,613,123	142,988,206	145,601,329
At July 1, 2025 (current year)	-	2,613,123	142,988,206	145,601,329
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	1,899,680	-	1,899,680
Capital/Development grants	-	-		
At June 30, 2025 (current year)		4,512,803	142,988,206	147,501,009

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

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Cashflowsfromoperatingactivities			
Receipts			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	8,645,700	12,902,922
Public contributions and donations	9		
Rendering of services- Medical Service Income	10	12,607,430	7,619,870
Total Receipts		21,253,130	20,522,792
Payments			
Medical/Clinical costs	11	12,407,911	6,337,582
Employee Costs	12	1,890,000	8,900,000
Repairs and maintenance	15	556,250	1,309,245
General expenses	16	2,296,141	1,362,842
Total Payments		17,450,302	17,909,669
Netcashflowsfromoperatingactivities		3,802,828	2,613,123
Cash flows from investing activities			
Purchase of property, plant, equipment	15	(556,300)	0
Net cash flows used in investing activities		(556,300)	-
Cashflowsfromfinancingactivities			
Proceeds from borrowings			
Repayment of borrowings		0	0
Capital grants received			
Netcashflowsusedinfinancingactivities		0	0
Netincrease/(decrease)incashandcash equivalents		3,246,528	2,613,123
Cash and cash equivalents as at 1 July	17	3,951,329	1,338,206
Cashandcashequivalentsasat30 June	17	7,197,857	3,951,329

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	B	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Transfers from County Government	-	-	-	-	-	-
Rendering of services – Medical Income	12,607,430	0	12,607,430	12,607,430	0	100%
Total Receipts	12,607,430	0	12,607,430	12,607,430	0	100%
Payments						
Medical/Clinical costs	4,407,911	0	4,407,911	4,407,911	0	100%
Employee costs (cash)	1,890,000	0	1,890,000	1,890,000	0	100%
Repairs and maintenance	556,250	0	556,250	556,250	0	100%
General expenses	2,596,141	0	2,596,141	2,596,141	0	100%
Total Payments	9,594,979	0	9,594,979	9,450,302	0	98%
Capital project	556,300		556,300	556,300		
Surplus/Deficit	2,456,151		2,456,151	2,600,828		

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)
(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)*

***Iftin Sub County Hospital (Garissa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025***

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Budget Reconciliation

	Description of Particulars	Amount in Kshs.
	Actual Surplus Amounts as per the statement of Budget	3,246,528
1	Reason for differences-Cash and cash equivalents at 1 July (opening balance)	3,951,329
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	7,197,857

19. Notes to the Financial Statements

1. General Information

The entity is established by and derives its authority and accountability from the Act. The entity is wholly owned by the County Government and is domiciled in the County in Kenya. The entity's principal activity is to ensure that the people of Iftin have access to affordable, easily accessible, community-acceptable, technologically updated, and quality health care services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. 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

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

Standard	Effective date and impact:
	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> 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 identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

Standard	Effective date and impact:
	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY was approved by Board on x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of x on the FY budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. **Employee benefits**

Retirement benefit plans

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

s. **Foreign currency transactions**

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

t. **Borrowing costs**

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

u. **Related parties**

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

v. **Service concession arrangements**

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

in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. **Cash and cash equivalents**

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

x. **Comparative figures**

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

y. **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Unconditional grants		
Operational grant	0	
Level 4/5 grants	0	
Unconditional development grants	0	
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)	0	
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)	8,000,000	8,000,000
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		4,402,922
Utility bills	645,700	500,000
Total grants in kind	8,645,700	12,902,922

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		

Total grants from development partners		
--	--	--

Notes to Financial Statements Continued

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during theyear	Comparative Period
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

9. Public Contributions and Donations

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships		

Notes to Financial Statements Continued

10. Rendering of Services-Medical Service Income

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Pharmaceuticals	-	1,264,490
Non-Pharmaceuticals	5,893,680	-
Laboratory	-	2,136,600
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	97,850
Reproductive health	-	-
Paediatrics services	-	-
Clinical service revenue	-	955,140
NHIF/SHA reimbursement	6,713,750	2,891,990
Inpatient service	-	273,800
Total revenue from the rendering of services	12,607,430	7,619,870

Notes to the Financial Statements (Continued)

11. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Dental costs/ materials	-	-
Laboratory chemicals and reagents	1,355,706	453,460
Public health activities		
Food and Ration	1,085,380	450,340
Uniform, clothing, and linen	49,600	-
Bedding and linen	50,000	
Dressing and Non-Pharmaceuticals		423,450
Drawing rights -KEMSA		4,402,922
Pharmaceutical supplies	501,210	50,000
Non pharmaceutical supplies	817,735	
Reproductive health materials		-
Sanitary and cleansing Materials	151,000	59,700
Medical stationeries	397,280	197,710
KEMSA-In -Kind Contribution	8,000,000	
Total medical/ clinical costs	12,407,911	6,337,582

12. Employee Costs

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Salaries, wages, and allowances	-	8,900,000
Contributions to pension schemes		
Service gratuity		Xx
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs (<i>specify</i>)	1,890,000	
Employee costs	1,890,000	8,900,000

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

Notes to the Financial Statements (Continued)

13. Board of Management Expenses

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total		

14. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property, plant and equipment	2,159,397	-
Intangible assets	43,750	
Investment property carried at cost		
Total depreciation and amortization	2,203,147	-

15. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Buildings	154,700	-
Medical equipment	272,200	596,105
Office equipment		109,740
Furniture and fittings		150,000
Computers and accessories		58,000
Motor vehicle expenses	129,350	307,050
Maintenance of civil works	-	88,350
Total repairs and maintenance	556,250	1,309,245

Notes to the Financial Statements (Continued)

16. General Expenses

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Advertising and publicity expenses	-	-
Catering expenses	429,170	125,940
Bank charges	5,423	36,910
Electricity expenses	219,100	500,000
Fuel and Lubricants	453,314	138,442
Other fuel	61,250	15,600
Purchase of audio visual	49,600	125,000
Travel and accommodation allowance		93,600
Printing and stationery	158,310	55,000
Water and sewerage costs	368,100	179,000
Telephone and mobile phone services	76,500	93,350
Internet expenses	58,500	-
Staff training and development	320,674	-
Water dispensers	96,200	-
Total General Expenses	2,296,141	1,362,842

17. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current accounts	7,197,857	3,951,329
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	7,197,857	3,951,329

Notes to the Financial Statements (Continued)
27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	Kshs.	Kshs.
a) Current account			
Kenya Commercial bank		7,197,857	3,951,329
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(<i>specify</i>)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		7,197,857	3,951,329

18. Inventories

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Pharmaceutical supplies	790,000	500,000
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	50,000	40,000
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	840,000	540,000

*Ifin Sub County Hospital (Garissa County Government)
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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost	0%	2%	16.67%	12.50%	30%	12.50%		
At 1 July 2023 (previous year)	100,000,000	30,000,000	1,300,000	40,000	120,000	9,300,000		140,760,000
Additions					-	-		-
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th Jun 2024	100,000,000	30,000,000	1,300,000	40,000	120,000	9,300,000	(0)	140,760,000
At 1 July 2024 (current year)	100,000,000	30,000,000	1,300,000	40,000	120,000	9,300,000	(0)	140,760,000
Additions	-	-	-	109,800	398,000	48,500	-	556,300
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 th Jun 2023	100,000,000	30,000,000	1,300,000	149,800	518,000	9,348,500	(0)	141,316,300
Depreciation and impairment								-
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-

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Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At 30 June 2024	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At July 2024 (current year)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation	-	600,000	216,710	18,725	155,400	1,168,562	-					2,159,397
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-
At 30 th June 2025	(0)	600,000	216,710	18,725	155,400	1,168,562	(0)					2,159,397
Net book values												
At 30 th Jun 2024 (previous)	100,000,000	30,000,000	1,300,000	40,000	120,000	9,300,000	(0)					140,760,000
At 30 th Jun 2025 (current)	100,000,000	29,400,000	1,083,290	131,075	362,600	8,179,937	0					139,156,902

Notes to the Financial Statements (Continued)

20. Intangible Assets-Software

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Cost		
At beginning of the year		
Additions		
Additions-Internal development		
Disposal	()	()
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		

21. Trade and other Payables

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Trade payables		
Employee dues		
Third-party payments (e.g.unremitted payroll deductions)		
Audit fee		

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Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Doctors' fee				
Totaltradeandotherpayables				
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

Notes to the Financial Statements (Continued)

22. Refundable Deposits from Customers/Patients

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Medical fees paid in advance		
Credit facility deposit		
Rent deposits		
Others (<i>specify</i>)		
Totaldeposits		

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Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

23. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance at the beginning of the year				
Additional Provisions				
Provision utilised	()	()	()	()
Change due to discount & time value for money	()	()	()	()
Total provisions				
Current Provisions				
Non-Current Provisions				
Total Provisions				

24. Finance Lease Obligation

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current Lease obligation		

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Long term lease obligation		
Total		

25. Deferred Income

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current Portion		
Non-Current Portion		
Total		

26. Borrowings

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
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

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.

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Current Obligation		
Non-Current Obligation		
Total		

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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Notes to the Financial Statements (Continued)

27. Service Concession Arrangements

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date	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		

28. Cash Generated from Operations

Description	2024-2025	Insert Comparative FY
	Kshs.	Kshs.
Surplus for the year before tax		
Adjusted for:	1,899,680	2,613,123
Depreciation	2,203,147	
Non-cash grants received		0
Impairment	0	
Gains and losses on disposal of assets		0
Contribution to provisions	0	
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory	(300,000)	0

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Increase in receivables			0
Increase in deferred income		0	
Increase in payables			
Increase in payments received in advance			
Net cash flow from operating activities		3,802,828	2,613,123

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

29. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2025 (previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2025 (current year)				
Receivables from exchange transactions				

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Receivables from –non-exchange transactions				
Bank balances				
Total				

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

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

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Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	Kshs.	Other currencies	Total
	Kshs.		Kshs.
At 30 June 2025			
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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Notes to the Financial Statements (Continued)

Description	Kshs.	Other currencies	Total
	Kshs.		Kshs.
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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs.	Kshs.	Kshs.
2025 (previous year)			
Euro	10%		
USD	10%		
2025 (current year)			
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.

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs.	Kshs.
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances	()	()
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing	xx%	xx%

Notes to the Financial Statements (Continued)

30. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transactions with related parties		
a) Services offered to related parties		
Services to		
Sales of services to		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		

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Description	2024-2025	2023-2024
	Kshs.	Kshs.
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages foremployees		
Payments for goods and services for		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

31. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

32. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs.	Kshs.

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Court case against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

33. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs.	Kshs.
Authorised For		
Authorised And Contracted For		
Total		

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Failure to Prepare and Submit Financial Statements for Prior Years	<ul style="list-style-type: none"> Management acknowledges the observation. The delay was due to capacity gaps and transitional challenges under the Facilities Improvement Fund (FIF) framework. The Hospital is finalizing the preparation of financial statements for the pending years for submission to the Office of the Auditor-General. 	Not Resolved	January 2026
2.	Unsupported In-Kind Contribution Expenses	<ul style="list-style-type: none"> The in-kind contributions represent goods and services procured by the County Government on behalf of the Hospital. The supporting documents are retained at the County Treasury, and the Hospital has initiated correspondence to obtain certified copies. A tracking 	Not Resolved	January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		register for all in-kind support has been established.		
3.	Undisclosed Receivables – National Hospital Insurance Fund (NHIF) Claims	<ul style="list-style-type: none"> The Hospital is reconciling NHIF claims with the County Department of Health and NHIF offices. Outstanding receivables will be disclosed in the subsequent financial statements upon verification and confirmation. 	Not Resolved	January 2026
4.	Unconfirmed Inventory Balance	<ul style="list-style-type: none"> The Hospital has undertaken a comprehensive stock verification and updated the stock ledger. Supporting records including count sheets and valuation summaries are available. A computerized inventory management system is being implemented. 	Not Resolved	January 2026
5.	Late Submission of Financial Statements	<ul style="list-style-type: none"> The delay resulted from challenges in consolidating accounts and aligning reporting with FIF Act requirements. Measures have been instituted to ensure timely preparation and submission going forward. 	Not Resolved	January 2026
6.	Non-Disclosure of Institute of Certified	<ul style="list-style-type: none"> The omission was inadvertent. The Hospital's accountant is a 	Not Resolved	January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Public Accountants of Kenya (ICPAK) Membership Number	registered ICPAK member, and the membership number will be included in subsequent financial statements.		
7.	Failure to Prepare Quarterly Revenue Reports	<ul style="list-style-type: none"> The delay was due to inadequate reporting capacity and system integration challenges. A finance officer has been designated to compile and submit monthly and quarterly reports as required by the FIF Act. 	Not Resolved	January 2026
8.	Deficiencies in Implementation of Universal Health Coverage (UHC)	<ul style="list-style-type: none"> The Hospital faces staffing and equipment gaps due to limited funding and delayed recruitment. Requests for staff and equipment have been submitted, and engagements with donor partners are ongoing to enhance service delivery. 	Not Resolved	January 2026
9.	Irregular Engagement of Casual Employees	<ul style="list-style-type: none"> The Hospital has initiated the process of regularizing all casual engagements in consultation with the County Public Service Board and aligning them to the approved staffing framework. 	Not Resolved	January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
10.	Operation Without an Approved Budget	<ul style="list-style-type: none"> The delay in preparing the annual budget was occasioned by transition to the new FIF Act. The Hospital has finalized and submitted the 2025/2026 annual budget to the County Department of Health for approval. 	Not Resolved	January 2026
11.	Failure to Establish Internal Audit Function and Audit Committee	<ul style="list-style-type: none"> The Hospital has requested the County Treasury to second an internal auditor and to constitute an audit committee in line with the PFM Regulations. The process is ongoing. 	Not Resolved	January 2026
12.	Lack of Hospital Board of Management	<ul style="list-style-type: none"> The delay in constituting the Board was due to pending gazettelement by the County Executive Committee Member for Health. The process of appointment and gazettelement is underway. 	Not Resolved	January 2026
13.	Composition of Hospital Management Team	<ul style="list-style-type: none"> The Hospital is reviewing the composition of the Management Team to align with the FIF Act and County organizational structure. A proposal has been submitted for approval. 	Not Resolved	January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
14.	Failure to Maintain Fixed Asset Register	<ul style="list-style-type: none"> The Hospital is compiling a comprehensive asset register and has requested ownership and valuation records from the County Treasury and the Department of Lands. A valuation exercise is planned in the next financial year. 	Not Resolved	January 2026
15.	Lack of Risk Management Policy and Disaster Recovery Plan	<ul style="list-style-type: none"> The Hospital is developing a Risk Management Framework and Disaster Recovery Plan in collaboration with the County Risk Management Unit. Completion is expected by the end of the 2025/2026 financial year. 	Not Resolved	January 2026
	Lack of Approved Staff Establishment and Scheme of Service	<ul style="list-style-type: none"> The Hospital has submitted a proposed staff establishment to the County Public Service Board for review and approval. Once approved, it will guide recruitment and deployment 	Not Resolved	January 2026
	Failure to Prepare and Submit Financial Statements for Prior Years	<ul style="list-style-type: none"> Management acknowledges the observation. The delay was due to capacity gaps and transitional challenges under the Facilities Improvement Fund (FIF) framework. The Hospital is 	Not Resolved	January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		finalizing the preparation of financial statements for the pending years for submission to the Office of the Auditor-General.		

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 the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	None	N/A	N/A	N/A	N/A	N/A
2						

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion %to date	Budget	Actual	Sources of funds
1	None	N/A	N/A	N/A	N/A	N/A	N/A
2							
3							

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Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
None	N/A	N/A	N/A	N/A	N/A	N/A