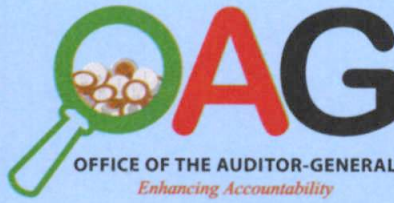
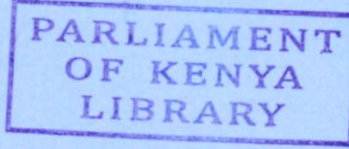


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*



219

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

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**ON**

**LONDIANI SUB COUNTY LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KERICHO**

2/5



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# **LONDIANI SUB COUNTY Level 4 HOSPITAL (Kericho County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

*Londiani sub county level 4 Hospital (kericho County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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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**

Londiani Sub-County Hospital is a Level 4 public health facility located approximately 5 kilometers off the Nakuru–Kericho main road in Kericho County, Kipkelion East Sub-County. The hospital lies within Londiani District, which was hived from the former larger Kipkelion District, and specifically serves residents of Londiani Division. Londiani Division has a catchment population of 53,125 people based on the 2009 Kenya National Bureau of Statistics (KNBS) Population Census, with an annual population growth rate of 3.57%.

The hospital was originally established in 1939 by Italian war prisoners and began with a bed capacity of 50. Over time, it has expanded its facilities and scope of services to meet the growing health needs of the surrounding communities. Londiani Sub-County Hospital was officially gazetted as a District Hospital on 8 August 2008 through Gazette Notice No. 727 and is registered under the Master Facility List (MFL) Number 15074.

The facility provides a wide range of services, including outpatient and inpatient care, maternal and child health services, surgical operations, emergency care, diagnostic services (laboratory and radiology), pharmacy services, and specialized clinics. It serves as the primary referral hospital for health facilities within Kipkelion East Sub-County and parts of neighboring counties.

The hospital operates under the governance and funding framework of the County Government of Kericho, in line with the Health Act, 2017, the County Governments Act, 2012, and the Public Finance Management Act, 2012. Funding is derived from County Government budgetary allocations, conditional grants from the National Government and development partners, reimbursements from the National Health Insurance Fund (NHIF) and other insurers, and internally generated income through Facility Improvement Fund (FIF) collections

### **(b) Principal Activities**

The principal activity of the hospital is to provide quality healthcare to clients. We offer inpatient, outpatient care, maternity, surgery, immunization and trauma response. The mission of Londiani sub county hospital is to promote and participate in provision of integrated and high quality, Promotive, preventive, curative and rehabilitative health care services to all clients.

#### **vision**

To have an efficient and high quality healthcare system that is accessible, equitable and affordable to every Kenyan.

#### **mission**

To promote and participate in provision of integrated and high quality, promotive, preventive, curative and rehabilitative healthcare services to all Kenyans.

#### **Core values**

Professionalism, ethics, integrity, accountability, partnership and collaboration.

#### **Goals**

Efficient and effective health service delivery.

**(c) Key Management**

Londiani sub county hospital management is under the following key organs:

- County department of health
- Health Management team
- Accounting Officer/ Medical Superintendent
- Hospital management team.
- 

**(d) Fiduciary Management**

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

| No. | Name                 | Designation            | Contacts     |
|-----|----------------------|------------------------|--------------|
| 1.  | Dr. Collins kipkoech | Medical superintendent | 0715 323 192 |
| 2.  | Evalyne chelangat    | Head of finance        | 0727 912 669 |
| 3.  | Felix kipyegon       | Head of supply chain   | 0722 578 340 |
| 4.  | Sally bii            | Nursing in-charge      | 0726 423 907 |
| 5.  | Geoffrey kirui       | Hospital administrator | 0722 985 042 |

**(e) Fiduciary Oversight Arrangements**

Londiani Sub-County Hospital operates under the fiduciary oversight of the county government of Kericho through the department of health services in compliance with the public finance management act 2012 and related regulations. The hospital's financial management is guided by the county treasury which ensures adherence to budgetary allocations, prudent use of public resources and compliance with applicable laws and policies.

The hospital management team chaired by the medical superintendent is responsible for oversight of operations, approval of workplans, monitoring of resource utilization and ensuring accountability for funds.

Financial transactions are subject to internal controls, including segregation of duties, proper authorization, regular bank reconciliations and compliance with procurement laws under the public procurement and assets disposal act 2015. The facility maintains proper accounting records in line with international public sector accounting standards board (IPSAS) as adopted by the public sector accounting standards board (PSASB) Kenya.



Oversight is further reinforced through internal audit reviews conducted by the county internal audit unit, external audits by the office of the auditor general and periodic performance monitoring by the count





**3. The Board of Management**




The hospital in conjunction with county department of health are in the process of establishing the board of management.




**4. Key Management Team**




| Ref | Management  | Details   | Academic Qualification and job description   |
|-----|---|---|--|
| 1.  | <p>Dr. Collins kipkoech</p>  | <p>Overall in-charge of the hospital and the chairman of the management team.</p> | <p>His main responsibility is to oversee all the hospital operations and ensure quality service delivery</p>                                 |
| 2.  | <p>Geoffrey kirui</p>   | <p>Health administrative officer</p>  | <p>He is tasked with managing hospital staff to ensure compliance with work regulations</p>  |
| 3   |  <p>Angeline Omayo</p>     | <p>Wards in-charge</p>  | <p>Her responsibility is to ensure patients admitted receive care, medication and plans referrals for patients needing specialized care.</p> |

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|   |  |                               |  |
|---|--|-------------------------------|--|
| 4 |  <p>Evalyne chelangat</p> | Accounts department in-charge | Her main roles are to manage the financial activities of the hospital through proper book keeping and financial resource planning. |
| 5 | <p>Felix kipyegon</p>   | Procurement in-charge         | He manages the hospital supply chain processes.  |

|          |  |                                      |  |
|----------|--|--------------------------------------|--|
| <p>6</p> | <br><p>William Adwera</p>       | <p>Health records in<br/>-charge</p> | <p>He is tasked with coordinating health information systems in the hospital.</p>  |
| <p>7</p> | <br><p>Mr. David Chepkuto</p>  | <p>Laboratory<br/>In-charge</p>      | <p>He is tasked with Overseeing daily operations, managing staff, ensuring quality control and safety, and maintaining equipment and supplies. budgeting, policy development, and communication within the lab and with external stakeholders.</p> |
| <p>8</p> | <br><p>Mr. Paul Chepkwony</p> | <p>Imaging In-charge</p>             | <p>He is tasked in ensuring smooth operation of radiology department towards providing high quality and reliable diagnostic imaging services.</p>  |

|    |   |   |  |
|----|---|---|--|
| 9  | <br>Mrs. Faith Chepkemoi | Nutrition in-charge                                 | She is responsible for promoting optimal health and well-being through proper nutrition for all patients.                                  |
| 10 | Simon Mbugua<br>        | Orthopaedic in-charge                               | He is tasked with ensuring proper interpretation of trauma radiology images and providing proper care to orthopedic patients.              |
| 11 | <br>Mr. Kenneth Mutai  | Occupational therapy in-charge<br>Mr. Kenneth Mutai | He is tasked with coordinating duties involving working with individuals who have physical, developmental, emotional or mental challenges. |

|    |   |                                     |   |
|----|---|-------------------------------------|---|
| 12 |  <p>Mr,Enock Ronoh</p>     | Public Health<br>in-charge          | His responsibility is ensuring public health and sanitation standards are adhered to within the hospital and londiani community.  |
| 13 | Collins kipkoech  | Bio-medical<br>in-charge            | He is tasked with ensuring proper use and handling of bio-medical equipments in various departments   |
| 14 | <p>Mrs.lorna cherono</p>  | Social Work<br>in-charge            | Her main duty is to perform patient social assessment and help them transition into a hospital stay. She also guides patients and families in understanding illnesses, conditions and treatment options |
| 15 |  <p>Caroline Ngicho</p>  | Clinical<br>department<br>in-charge | She is in charge of coordinating all clinical activities both for in-patient and outpatient.  |

**5. Chairman's Statement**

Londiani sub county hospital did not have a board of management during the financial year 2024/25, hence no chairman's statement.

## 6. Report of The Medical Superintendent

During the financial year 2024/25, Londiani Sub-County Hospital continued to provide a broad spectrum of healthcare services to its clients, including outpatient consultations, inpatient care, surgical interventions, emergency services, laboratory diagnostics, clinical support, and nutritional care. Service delivery was undertaken in line with the hospital's mandate of offering accessible, affordable, and quality healthcare to the catchment population.

| Particulars   | 2022/23 | 2023/24 | 2024/25 |
|---|---------|---------|---------|
| Number of wards                                       | 4       | 4       | 4       |
| Hospital bed capacity                                 | 50      | 50      | 50      |
| Overall patient attendance (in-patient & out-patient) | 44,963  | 35,975  | 27,572  |
| Average in-patient stay (days)                        | 5       | 3       | 4       |
| Bed occupancy rate                                    | 49%     | 50%     | 66%     |
| Accident & emergency attendance                       | 4,090   | 452     | 399     |
| Mortality rate  | 0.01%   | 0.01%   | 0.50%   |
| Surgical theatre utilization rate                     | 82%     | 80%     | 29%     |
| Specialized clinic attendance                         | 21,953  | 29,100  | 13,923  |

### Clinical Performance Summary

The hospital recorded a reduction in overall patient attendance over the last three years, from 44,963 in 2022/23 to 27,572 in 2024/25, largely attributed to changes in patient referral patterns and increased competition from private facilities. However, the bed occupancy rate improved from 50% in 2023/24 to 66% in 2024/25, indicating better utilization of inpatient services. The average length of stay increased to 4 days, reflecting more complex case management.

Surgical theatre utilization dropped from 80% in 2023/24 to 29% in 2024/25, partly due to the relocation of certain specialized surgical services to referral centers and intermittent equipment breakdowns. Accident and emergency attendance also reduced slightly from 452 in 2023/24 to 399 in 2024/25. The mortality rate increased to 0.5% in the year under review, necessitating continuous quality improvement measures in critical care services.

### Financial Performance

#### Revenue:

Total revenue for the year amounted to KSh 84,114,499, compared to KSh 66,192,536 in 2023/24 — a 27% increase. This growth was driven primarily by a significant increase in medical service income, which rose from KSh 48,429,261 to KSh 76,475,409, complemented by in-kind contributions from the County Government amounting to KSh 4,680,000. Transfers from the County Government reduced from KSh 14,237,275 in 2023/24 to KSh 2,959,090 in 2024/25.

#### Expenses:

Total expenses for the year stood at KSh 59,498,547, marginally lower than the previous year's

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KSh 61,949,410. The largest cost driver was medical/clinical costs, which increased from KSh 26,558,374 to KSh 37,990,553, reflecting inflationary pressures and increased procurement of essential drugs and consumables. Employee costs rose to KSh 4,680,000 from KSh 3,500,000 in the prior year, while general expenses decreased from KSh 15,234,816 to KSh 12,525,004 due to cost optimization measures.

**Surplus/Deficit:**

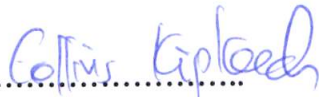
The hospital posted a net surplus of KSh 19,612,737 in 2024/25, a substantial improvement from the KSh 3,527,952 recorded in 2023/24. This improvement is attributed to higher internally generated revenue from medical services, coupled with effective cost control.

**Other Gains/(Losses):**

Medical service waivers and exemptions resulted in a loss of KSh 3,280,805, compared to KSh 715,174 in the previous year.

**Conclusion:**

While the hospital achieved strong financial performance in 2024/25, the declining outpatient and specialized clinic attendance, coupled with reduced surgical theatre utilization, signal a need for targeted strategies to enhance service uptake. Investments in equipment maintenance, service diversification, and community outreach will be essential in the coming year to sustain and improve both clinical and financial outcomes.

Dr.   
Medical superintendent  
Londiani sub county hospital.

## 7. Statement of Performance Against Predetermined Objectives

The hospital's strategic objectives for the financial year 2024/25 were aligned to the County Integrated Development Plan (CIDP), the Kericho County Health Strategic Plan, and the Universal Health Coverage (UHC) agenda. The objectives aimed to improve access, quality, and efficiency of healthcare services while ensuring prudent use of resources.

### **Objective 1: Improve Access to Quality Healthcare Services**

**Target:** Increase patient attendance and optimize utilization of available hospital capacity.

**Performance:**

Overall patient attendance (in-patient and out-patient) was 27,572, against the previous year's 35,975, representing a 23% decline.

Bed occupancy rate increased from 50% to 66%, indicating improved inpatient service utilization.

Average length of stay rose from 3 to 4 days, reflecting more complex patient case management.

Variance Explanation: The decline in outpatient numbers was due to increased competition from private facilities, changes in referral patterns, and intermittent service interruptions. However, inpatient utilization improved due to expanded service offerings and improved case management.

### **Objective 2: Enhance Efficiency and Quality of Clinical Services**

**Target:** Maintain surgical theatre utilization above 70% and reduce mortality rates below 0.1%.

**Performance:**

Surgical theatre utilization was 29%, falling short of the target due to equipment breakdowns and the relocation of specialized surgical services to higher-level facilities.

Mortality rate rose to 0.5%, above the target threshold.

Variance Explanation: Technical challenges in the theatre and shortages of certain surgical consumables negatively affected performance. Higher mortality was partly due to the referral of more severe cases to the hospital from lower-level facilities.

### **Objective 3: Strengthen Financial Sustainability**

**Target:** Increase internally generated revenue by 10% from the previous year.

**Performance:**

Medical service income increased from KSh 48,429,261 in 2023/24 to KSh 76,475,409 in 2024/25 — a 58% increase.

Overall total revenue grew by 27%, from KSh 66,192,536 to KSh 84,114,499.

The hospital posted a net surplus of KSh 19,612,737, compared to KSh 3,527,952 in the previous year.

Variance Explanation: The improvement was due to enhanced billing efficiency, increased service charges collection, and timely NHIF reimbursements.

### **Objective 4: Promote Equity in Access to Healthcare**

**Target:** Provide waivers and exemptions for vulnerable patients without compromising financial stability.

**Performance:**

Waivers and exemptions amounted to KSh 3,280,805, compared to KSh 715,174 in the previous year.

Variance Explanation: There was an increase in the number of indigent patients benefiting from fee waivers, in line with the hospital's social responsibility mandate.

### **Overall Assessment:**

While the hospital achieved strong financial growth and improved inpatient utilization, there were notable shortfalls in outpatient attendance, surgical theatre utilization, and mortality control targets. The focus for the coming year will be on equipment maintenance, outreach services, and strengthening referral linkages to boost clinical performance

## **8 .Corporate Governance Statement**

Londiani Sub-County Hospital is committed to upholding the highest standards of corporate governance in line with the Constitution of Kenya, 2010, the County Governments Act, 2012, the Public Finance Management Act, 2012, the Public Procurement and Asset Disposal Act, 2015, and other applicable regulations. The hospital's governance framework ensures transparency, accountability, effective risk management, and prudent stewardship of public resources in the delivery of healthcare services.

### **Governance Structure**

The hospital operates under the overall policy direction of the County Government of Kericho, through the Department of Health Services. Operational governance is vested in the Hospital Management Committee (HMC), chaired by the Medical Superintendent, which is responsible for policy implementation, approval of work plans, oversight of financial performance, and monitoring of service delivery outcomes.

#### **The HMC comprises:**

The Medical Superintendent (Chairperson)  
Hospital Administrator  
Nursing Services Manager  
Finance and Accounts Officer  
Representatives from the County Department of Health  
Community representatives appointed in line with the County Health Services Act provisions

### **Roles and Responsibilities**

The Hospital Management Committee is responsible for:

- Strategic planning and alignment with County and national health policies
- Oversight of financial management, budgeting, and resource allocation
- Monitoring compliance with laws, regulations, and internal policies
- Evaluating operational performance and ensuring continuous service improvement
- Ensuring equitable access to healthcare and promoting patient rights and safety
- Accountability and Transparency Measures
- The hospital maintains robust internal controls to safeguard assets, ensure accurate financial reporting, and promote operational efficiency. Key measures include:
  - Preparation of financial statements in compliance with IPSAS
  - Regular internal audits by the County Internal Audit Unit
  - External audits by the Office of the Auditor-General (OAG)
  - Compliance with public procurement regulations to ensure value for money
  - Quarterly performance reporting to the County Department of Health and the County Assembly's Health Committee

### **Ethical Standards and Risk Management**

The hospital promotes ethical conduct among staff in accordance with the Public Officer Ethics Act, 2003, and has mechanisms to address conflicts of interest, fraud prevention, and whistle blower protection. Risk management is integrated into planning and operations, with periodic reviews of potential clinical, operational, and financial risks.

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

### **Overview**

The financial year 2024/25 was marked by a mixed performance for Londiani Sub-County Hospital. While the hospital achieved a strong financial surplus, improved inpatient utilization, and enhanced revenue generation, it faced challenges in outpatient attendance, surgical theatre utilization, and mortality control. The hospital continued to operate within the framework of the County Government of Kericho's Health Strategic Plan, contributing to the county's Universal Health Coverage (UHC) objectives.

### **Service Delivery Performance**

The hospital maintained a bed capacity of 50 across four wards, with the bed occupancy rate increasing to 66% from 50% in 2023/24, reflecting better utilization of inpatient facilities. The average length of stay rose to 4 days, indicating management of more complex cases. However, overall patient attendance declined from 35,975 in 2023/24 to 27,572 in 2024/25, driven by changes in referral patterns, competition from private facilities, and intermittent service disruptions.

Surgical theatre utilization dropped to 29% from 80% in the prior year, mainly due to equipment breakdowns and relocation of certain surgical services to referral hospitals. Accident and emergency cases slightly decreased from 452 to 399, while the mortality rate increased from 0.01% to 0.5%, prompting a review of critical care services.

### **Financial Performance**

Total revenue increased by 27%, from KSh 66,192,536 in 2023/24 to KSh 84,114,499 in 2024/25. This growth was largely driven by medical service income, which rose by 58% to KSh 76,475,409, supported by improved billing efficiency, enhanced collection of user fees, and timely NHIF reimbursements. In-kind contributions from the County Government also increased to KSh 4,680,000.

Total expenses slightly decreased to KSh 61,220,957 from KSh 61,949,410, despite increased medical and clinical costs, which rose to KSh 37,990,553 due to higher demand for drugs and consumables. This cost containment was achieved through reductions in general expenses and efficient procurement processes. The hospital recorded a net surplus of KSh 19,612,737, up from KSh 3,527,952 in the previous year, demonstrating strong financial sustainability. However, medical service waivers and exemptions rose to KSh 3,280,805, reflecting the hospital's commitment to equitable access for vulnerable populations.

### **Key Achievements**

- Improved inpatient utilization and bed occupancy
- Significant growth in internally generated revenue
- Strengthened financial performance with a substantial surplus
- Expanded support through in-kind contributions from the County Government

### **Challenges**

- Declining outpatient and specialized clinic attendance
- Reduced surgical theatre utilization due to equipment breakdowns
- Increase in mortality rate beyond the target threshold
- Rising demand for fee waivers, impacting revenue potential

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**Outlook for 2025/26**

**The hospital will focus on:**

- Upgrading and maintaining surgical and diagnostic equipment to restore theatre utilization
- Strengthening outreach and referral systems to boost patient attendance
- Enhancing quality improvement programs to reduce mortality rates
- Exploring partnerships for donor support and specialized service expansion
- Continuing cost control measures while safeguarding service quality

Name : *Dr. Gtino Kipteedh*

**Medical superintendent**

**Londiani sub county hospital.**

## 7. Environmental And Sustainability Reporting

Londiani Sub-County Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### *i) Sustainability strategy and profile*

#### **Environmental Stewardship**

The hospital has implemented initiatives to reduce its environmental footprint through efficient resource utilization, waste management, and environmental conservation. Key measures during FY 2024/25 included:

- Segregation, safe storage, and disposal of medical waste in compliance with the **Environmental Management and Coordination Act (EMCA), 1999** and Ministry of Health waste management guidelines.
- Adoption of energy-efficient lighting and promotion of water-saving fixtures to reduce utility consumption.
- Use of solar-powered water heating systems in selected wards to lower reliance on grid electricity.
- Participation in County Government-led tree planting initiatives, contributing to increased vegetation cover around the hospital compound.

#### **Social Responsibility**

The hospital's sustainability profile includes a strong commitment to social equity and inclusivity in healthcare access. In FY 2024/25, this was demonstrated through:

- Provision of waivers and exemptions worth **KSh 3,280,805** to indigent and vulnerable patients.
- Support for community health outreach programs, including maternal health campaigns, immunization drives, and chronic disease screening clinics.
- Strengthening of partnerships with local schools, community-based organizations, and religious institutions for health promotion and education.

#### **Economic Sustainability**

Financial sustainability is a key aspect of the hospital's long-term viability. This is pursued through prudent financial management, revenue diversification, and operational efficiency. In FY 2024/25:

- Internally generated revenue increased by **58%**, enhancing self-reliance and reducing over-dependence on external transfers.
- Procurement processes were streamlined to ensure value for money and minimize wastage.
- Preventive maintenance schedules were implemented to extend the lifespan of hospital equipment and facilities.

#### **Sustainability Outlook**

Going forward, Londiani Sub-County Hospital will enhance its sustainability strategy by:

- Expanding renewable energy solutions to further reduce operational costs.
- Introducing a rainwater harvesting system to support non-clinical water use.
- Strengthening waste recycling initiatives in collaboration with local environmental groups.
- Expanding community engagement programs to improve health outcomes and strengthen trust between the hospital and its catchment population

### *ii) Environmental performance*

During the FY 2024/25, Londiani Sub-County Hospital strengthened its environmental management systems to ensure compliance with relevant laws, enhance operational efficiency, and contribute to the

County's green growth agenda. The hospital's environmental performance focused on **waste management, energy efficiency, water conservation, and climate resilience.**

### **1. Waste Management**

**Medical Waste** – All infectious and hazardous waste was segregated at source, collected in color-coded bins, and disposed of through approved incineration and autoclaving procedures in compliance with the **Ministry of Health Waste Management Guidelines (2018).**

**General Waste** – Non-hazardous waste was collected separately and disposed of through County Government-approved contractors.

Performance Indicator: 100% of hazardous waste was treated and disposed of in compliance with EMCA standards.

### **2. Energy Efficiency**

Installation of solar-powered lighting in outpatient and maternity blocks reduced dependence on grid electricity by an estimated 12%.

Transition to **LED** lighting across administrative and clinical areas achieved a 15% reduction in monthly electricity consumption compared to the previous year.

Generator use was optimized to reduce fuel consumption and carbon emissions.

### **3. Water Conservation**

Installation of **dual-flush toilets** and water-saving taps reduced water wastage in high-use areas such as wards and kitchens.

Regular maintenance of the **hospital's borehole system** ensured uninterrupted supply, reducing reliance on external water trucking.

Plans for a rainwater harvesting system were initiated, targeting implementation in FY 2025/26.

### **4. Climate Resilience and Green Initiatives**

Participated in the County's tree planting drive, planting 350 indigenous trees within the hospital compound to improve microclimate and soil stability.

Landscaping and green spaces were maintained to reduce dust levels and enhance the hospital environment for patients and staff.

### **5. Compliance and Monitoring**

Environmental audits were conducted quarterly in line with National Environment Management Authority (NEMA) requirements.

All activities complied with environmental impact mitigation measures outlined in the hospital's operational guidelines.

Overall Assessment: The hospital achieved above 90% compliance with set environmental performance targets for the year, contributing.

### **iii) Employee welfare**

In FY 2024/25, Londiani Sub-County Hospital continued to prioritize the well-being, safety, and professional development of its workforce as a critical enabler of quality healthcare service delivery. The hospital recognizes that a motivated and healthy workforce directly impacts patient outcomes, operational efficiency, and institutional resilience.

### **1. Occupational Health and Safety (OHS)**

The hospital maintained strict compliance with the **Occupational Safety and Health Act (OSHA) 2007**, ensuring safe working environments across all clinical and administrative units.

Regular workplace inspections and safety drills were conducted to minimize risks from medical equipment, chemical exposure, and patient interactions.

All clinical staff were provided with personal **protective equipment (PPE)**, including gloves, masks, and gowns, with stock replenished quarterly.

## **2. Capacity Building and Training**

- Staff participated in **Continuous Professional Development (CPD)** sessions focusing on infection prevention, emergency response, mental health management, and use of new diagnostic equipment.
- Partnerships with the County Department of Health and training institutions facilitated specialized training for nurses and laboratory staff on emerging diseases and diagnostic protocols.
- At least **85%** of staff met the CPD requirements of their respective professional bodies.

## **3. Health and Wellness Programs**

- Annual medical check-ups were provided to all permanent staff members, including screening for non-communicable diseases.
- A Mental Health Support Desk was set up in collaboration with the County Psychosocial Support Unit to provide confidential counseling services to staff dealing with workplace stress and trauma.
- Recreational facilities, including a staff common room and shaded outdoor spaces, were maintained to promote relaxation and social interaction.

## **4. Staff Recognition and Motivation**

An Employee of the Month program was introduced to recognize outstanding performance in patient care, teamwork, and innovation.

Long-service awards were presented to staff who had served the hospital for more than 10 years.

Staff welfare committees were actively involved in organizing team-building events and festive celebrations to strengthen workplace cohesion.

## **5. Compliance with Labor Laws**

- The hospital complied with the Employment Act, 2007, ensuring timely payment of salaries, adherence to working hours, and provision of statutory benefits such as NHIF, NSSF, and pension contributions.
- Disciplinary and grievance handling procedures were applied fairly and transparently in line with the County Public Service Human Resource Manual.

Overall Assessment: The hospital demonstrated a strong commitment to employee welfare, with significant improvements in workplace safety, training opportunities, and psychosocial support compared to the previous year. These efforts contributed to enhanced staff morale and retention, ultimately supporting the hospital's mission of delivering quality healthcare services to the community.

### *iv) Market place practices-*

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

Londiani Sub-County Hospital upholds principles of fairness, transparency, and ethical conduct in all its engagements with stakeholders, including suppliers, service providers, partner health facilities, and the wider community. The hospital adheres to the Public Procurement and Asset Disposal Act, 2015, ensuring that all procurement processes are competitive, merit-based, and free from conflicts of interest.

The hospital actively avoids monopolistic practices by sourcing from a diverse pool of pre-qualified suppliers, promoting equitable opportunities for small and medium enterprises, women, youth, and persons with disabilities in line with the Government's Access to Government Procurement Opportunities (AGPO) policy.

Partnerships with other healthcare facilities are governed by mutual respect, transparent service agreements, and compliance with Ministry of Health guidelines, ensuring that services are complementary rather than competitive to the detriment of the public.

By maintaining open tender processes, publishing procurement opportunities, and subjecting procurement to both internal and external audits, Londiani Sub-County Hospital fosters trust and ensures that resources are used efficiently and for the intended public good

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

Londiani Sub-County Hospital is committed to building and maintaining a transparent, ethical, and sustainable supply chain that supports the delivery of quality healthcare services. The hospital follows the Public Procurement and Asset Disposal Act, 2015, and related Treasury and Ministry of Health guidelines to ensure that all suppliers are engaged through fair, competitive, and merit-based processes.

Preference is given to suppliers who demonstrate compliance with legal, ethical, and environmental standards, including adherence to occupational health and safety requirements, responsible waste management practices, and timely delivery performance. In line with the Access to Government Procurement Opportunities (AGPO) initiative, the hospital ensures that at least 30% of eligible procurement opportunities are reserved for enterprises owned by youth, women, and persons with disabilities.

The hospital maintains proactive communication with suppliers, conducts periodic performance evaluations, and provides constructive feedback to promote continuous improvement. Long-term partnerships are fostered with reliable vendors, particularly those within the local community, to strengthen local economic growth while ensuring uninterrupted medical supply and service delivery.

Through strict contract management, timely payment processing, and adherence to agreed terms, Londiani Sub-County Hospital enhances trust, reliability, and accountability in its supplier relationships, ensuring that procurement contributes to both operational efficiency and community development.

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

Londiani Sub-County Hospital upholds high ethical standards in all forms of communication, marketing, and public information dissemination. The hospital does not engage in misleading or exaggerated claims regarding its services and ensures that all promotional and public awareness materials are fact-based, culturally sensitive, and consistent with Ministry of Health guidelines.

Public health campaigns and awareness initiatives are designed to educate the community on disease prevention, available health services, and healthy lifestyle choices, rather than for profit-driven promotion. Information is delivered through approved channels, including community outreach programs, local media, hospital notice boards, and digital platforms, ensuring accessibility to all members of the catchment area.

All marketing and communication efforts respect patient confidentiality and comply with the Data Protection Act, 2019. The hospital refrains from using patient images or personal stories without prior informed consent, and avoids comparative or negative advertising against other healthcare facilities.

By prioritizing truthful, respectful, and socially responsible messaging, Londiani Sub-County Hospital strengthens community trust, promotes health literacy, and aligns its marketing practices with the broader public health mandate

**d) Product stewardship**

Londiani Sub-County Hospital is committed to ensuring that all medical products, pharmaceuticals, consumables, and equipment used within the facility meet the highest standards of safety, quality, and regulatory compliance. The hospital sources supplies only from licensed and accredited manufacturers or suppliers registered with the Pharmacy and Poisons Board and other relevant regulatory agencies. Product stewardship at the hospital extends through the entire product life cycle—from procurement, safe handling, and proper storage, to responsible use and environmentally sound disposal. Medicines are dispensed in accordance with approved treatment protocols, ensuring correct dosages and minimizing wastage. Expired or defective products are quarantined and safely disposed of in line with National Environmental Management Authority (NEMA) and Ministry of Health guidelines. The hospital also maintains strict traceability of medical supplies through a stock management system that records batch numbers, expiry dates, and supplier details to enable timely recalls in case of safety alerts. Staff receive continuous training on proper product handling, infection prevention, and waste segregation, thereby safeguarding patient safety and reducing environmental impact. Through these measures, Londiani Sub-County Hospital demonstrates accountability for the quality, safety, and sustainability of the products it uses, thereby protecting both patients and the community it serves.

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

Londiani Sub-County Hospital recognizes its responsibility beyond delivering healthcare services and actively engages in initiatives that improve the well-being of the surrounding community. The hospital's CSR activities are aligned with the County Integrated Development Plan (CIDP), national health priorities, and Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being) and SDG 6 (Clean Water and Sanitation).

**Community Health Outreach Programs**

The hospital organizes regular mobile medical clinics, immunization drives, and health screening campaigns targeting underserved areas. These outreach activities focus on maternal and child health, communicable disease prevention, and early detection of non-communicable diseases.

**Health Education and Awareness Campaigns**

Collaborating with local leaders, schools, and faith-based organizations, the hospital conducts public health education sessions on hygiene, nutrition, family planning, and prevention of lifestyle diseases. Information is disseminated through community barazas, radio programs, and printed materials in local languages to ensure inclusivity.

**Support to Vulnerable Groups**

The hospital partners with community-based organizations to provide subsidized or free healthcare to indigent patients, persons with disabilities, and elderly residents. This includes waiving consultation fees in special cases and facilitating NHIF registration drives to increase insurance coverage.

**Environmental Stewardship**

In partnership with local youth and environmental groups, the hospital participates in community tree planting exercises, clean-up campaigns, and water conservation awareness events, contributing to environmental health and climate resilience.

**Disaster and Emergency Response Support**

*Londiani sub county Hospital (kericho County Government)*  
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The hospital collaborates with the County Disaster Management Unit, Red Cross, and community volunteers to provide emergency medical response during floods, disease outbreaks, and other crises. Through these initiatives, Londiani Sub-County Hospital strengthens trust with the community, promotes preventive healthcare, and contributes to broader socio-economic development.

11 .Report of The Board of Management

By the time these financial statements were prepared Londiani sub county level 4 hospital did not have a board of management.

**Principal activities**

The principal activity of the entity is to provide quality healthcare to all clients.

**Auditors**

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

By Order of the HMT



.....  
**Name:**

**Secretary to the HMT**

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

Section 164 of the Public Finance Management Act, 2012 requires the hospital board of management to prepare financial statements in respect of Londiani hospital which give a true and fair view of the state of affairs of Londiani sub county hospital at the end of the financial year and the operating results of Londiani sub county hospital for the year 2024/25. The board of management is also required to ensure that Londiani sub county hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Londiani 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 Londiani sub county hospital financial statements, which give a true and fair view of the state of affairs of Londiani sub county hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Londiani 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 Londiani sub county hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The board of management members are of the opinion that Londiani sub county hospital financial statements give a true and fair view of the state of Londiani sub county hospital transactions during the financial year ended June 30, 2025, and of Londiani hospital financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Londiani hospital which have been relied upon in the preparation of Londiani sub county hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board of management to indicate that Londiani sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Hospital’s financial statements were approved on 7/1/2025 and signed on its behalf by:

.....

Dr. Gillis Kiplorah  
.....

**Name:**

**Name:**

**Chairperson**

**Accounting Officer**

**Board of Management**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON LONDIANI SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KERICHO

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### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Londiani Sub County Level 4 Hospital - County Government of Kericho set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

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

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Londiani Sub County Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Transfers from the County Government**

The statement of financial performance together with Note 6 to the financial statements reflects transfers from the County Government amounting to Kshs.2,959,090 in respect of AIE funding. However, the amount differs with actual transfers on comparable basis amounting to Kshs.5,544,766 reflected in the statement of comparison of budget and actual amounts resulting in unexplained variance of Kshs.2,585,676.

Further, the budgeted amount of the transfers has not been disclosed in the statement of comparison of budget and actual amounts an indication that it was not budgeted for. This contrary to Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires all revenue and expenditure to be entered into the County Government budget estimates.

In the circumstance, the accuracy and completeness of transfers from the County Government amounting to Kshs.2,959,090 could not be confirmed.

#### **2. Inaccuracy of Rendering of Services – Medical Service Income**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects rendering of services -medical service income amounting to Kshs.73,306,015. However, the amount includes income amounting to Kshs.3,645,341 relating to 2023/2024 financial year.

In the circumstance, the accuracy and completeness of Kshs.3,645,341 included in the rendering of services - medical service income for the year amounting to Kshs.73,306,015 could not be confirmed.

#### **3. Inaccuracy of Property, Plant and Equipment**

The statement of financial position together with Note 21 to the financial statements reflects property plant and equipment totalling Kshs.2,973,150 relating to ICT equipment.

However, records available revealed that the Hospital had seventy (70) acres piece of land, buildings, motor vehicle (ambulance), furniture and fittings, office and medical equipment. However, these assets were not disclosed in the financial statements.

Further, the assets have not been depreciated contrary to policy 4(e) of the summary of significant accounting policies which states that all property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

In addition, the assets register, ownership documents for the land, motor vehicles, plant and medical equipment owned and operated by the Hospital were not provided for audit review.

In the circumstance, the accuracy and completeness of property, plant, and equipment totalling Kshs.2,973,150 could not be confirmed.

#### **4. Inaccuracy of Net Cash Flows from Operating Activities**

The statement of cash flows and as disclosed in Note 24 to the financial statements reflects net cash flow from operating activities amounting to Kshs.5,652,365. However, the amount differs with the net cash flow from operating activities amounting to Kshs.18,473,326 as disclosed in Note 24 resulting in unexplained variance of Kshs.12,820,961.

In the circumstance, the accuracy and completeness of net cash flow from operating activities amounting to Kshs.5,652,365 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budget Control and Performance**

The statement of comparison of Budget and actual amounts reflects final receipts budget and actual on comparable basis amounting to Kshs.83,225,378 and Kshs.77,474,105, respectively, resulting to an under-funding of Kshs.5,751,273 or seven percent (7%) of the budget. Similarly, the Hospital spent Kshs.62,529,218 against actual receipts of Kshs.77,474,105 resulting to an under-utilization of Kshs.14,944,887 or nineteen percent (19%) of the receipts.

Further, the statement reflects revenue and expenditure final budget amounting to Kshs.83,225,378 and Kshs.83,125,378, respectively, resulting in unbalanced budget by Kshs.100,000. This was contrary to Regulation 31 of the Public Finance Management

(County Governments) Regulations, 2015, which provides that budget revenue and expenditure appropriations shall be balanced; and total budget revenue shall cover total budget expenditure.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit report of the previous year, eight (8) issues were raised under the Report on Financial Statements, Emphasis of matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown in **Annexure I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

### **Other Information**

Management is responsible for the Other Information set out on page iii to xxvi 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, Report of the Board of Management, and statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

## Conclusion

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

## Basis for Conclusion

### 1. Irregular Transfer of Facility Improvement Funds to County Revenue Fund

The statement of financial performance reflects transfers to County Revenue Fund amounting to Kshs.2,959,090. Records available indicate that the amount was transferred in the first quarter of the financial year and refunded after more than four months. This was contrary to Section 5 of the Facilities Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities. The income and other receivables retained by the public health facilities shall be considered as a supplement to the budgets and resources appropriated to the public health facilities by the respective County Government.

In the circumstance, Management is in breach of the law.

### 2. Unutilized Funds

The statement of financial position reflects cash and cash equivalents totalling Kshs.14,944,887. The amount includes development bank account balance totalling Kshs.843,032 as disclosed in Note 15 to the financial statements. Review of records revealed that the development bank balance relates to funds received from the National Governments Constituencies Development Fund – Kipkelion East Constituency in 2016. However, the funds have not been utilized and continues to diminish due to bank charges. No explanation was provided for failure to utilize the funds or return it to the National Government Constituency Development Fund Account for reallocation and utilization. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the Constituency Account.

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

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

As previously reported, review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the Hospital did not meet the minimum staffing levels prescribed by the Kenya Quality Model for Health Policy Guidelines on personnel as shown below:

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*Report of the Auditor-General on Londiani Sub County Level 4 Hospital for the Year ended 30 June, 2025 - County Government of Kericho*

| <b>Personnel Requirements</b>            | <b>Level 4 Hospital Standard/Recommended Staff Level</b> | <b>Number in Hospital</b> | <b>Variance</b> |
|--|--|---------------------------|-----------------|
| Medical Officers                         | 16   | 3                         | 13              |
| General Surgeons                         | 2  | 0                         | 2               |
| Anaesthesiologists                       | 2  | 0                         | 2               |
| Gynaecologists                           | 2  | 1                         | 1               |
| Paediatrics                              | 2  | 0                         | 2               |
| Kenya Registered Community Health Nurses | 75   | 35                        | 40              |
| <b>Totals</b>                            | <b>99</b>  | <b>39</b>                 | <b>60</b>       |

Further, verification of available medical equipment revealed that the facility did not meet key requirements as prescribed by the guidelines as shown below:

| <b>Services</b>                       | <b>Standard</b>    | <b>Observation</b> |
|---------------------------------------|--------------------|--------------------|
| Surgical                              | Should be in place | Not major          |
| Renal Dialysis                        | Should be in place | Not in place       |
| Advanced Life Support                 | Should be in place | Not in place       |
| Beds                                  | 150                | 60                 |
| New Born Unit - Incubators            | 5                  | 3                  |
| New Born Unit Cots                    | 5                  | 1                  |
| Functional Intensive Care Unit - Beds | 6                  | 0                  |
| High Dependency Unit - Beds           | 6                  | 0                  |
| Renal Unit Dialysis Machines          | 5                  | 0                  |

This was contrary to Section 25(1) of the Health Act, 2017 which states that the technical classification of levels of health care shall be as set out in the First Schedule of the Act. The First Schedule requires Level 4 facilities to have four main clinical specialties including internal medicine, general surgery, gynae obstetrics and pediatrics by general practitioners backed by appropriate technical devices.

In the circumstances, the Hospital will not be able to deliver on this mandate.

#### **4. Failure to Appoint Hospital Management Committee**

As previously reported, records available revealed that the Hospital operated without a Management Committee contrary to section 9(1) of the Kericho County Health Services Act, 2021 which states that the Hospital Committee shall consist of nine members appointed by the County Executive Committee Member with the approval of the County Assembly.

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

#### **5. Lack of a Risk Management Policy**

Review of the documents and records provided for audit review revealed that the Hospital Management had not established Risk Management Policy. This is contrary to Regulation 158(1)(a)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the accounting officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Further, the Hospital did not maintain a risk register which implies the hospital might not be effectively tracking and addressing its risk profile.

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

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

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

#### **Conclusion**

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

#### **Lack of a Strategic Plan and Institutional Policies**

The Hospital operated without a strategic plan during the year under review. Further, the Hospital Management had not developed its own institutional policies and procedure manuals, including but not limited to an Asset Management Policy, Transport Management Policy, Disaster management and Business Continuity Plan, and Finance

and Accounting Policies. Instead, the Hospital relied solely on policies and manuals developed by the County Government.

There is risk of ineffective resource utilization, lack of clear operational direction, and governance risks, as county-level policies may not adequately address its unique needs.

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

### **Responsibilities of Management and Those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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

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

**Nairobi**

**28 November, 2025**

## Annexure I

### Unresolved Prior Year Audit Matters

| Number | Financial Year | Issue  |
|--------|----------------|--|
|        |                | <b>Qualified Opinion</b>   |
| 1      | 2023/2024      | Unconfirmed Property, Plant and Equipment  |
| 2      | 2023/2024      | Inaccuracies in the Statement of Cash Flows  |
| 3      | 2023/2024      | Inaccuracy of Capital Fund Balance   |
|        |                | <b>Other Matter</b>  |
| 8      | 2023/2024      | Unresolved prior year matters  |
|        |                | <b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>                       |
| 9      | 2023/2024      | Deficiencies in Implementation of Universal Health Coverage  |
| 10     | 2023/2024      | Failure to Appoint a Hospital Committee  |
|        |                | <b>Report on Lawfulness and Effectiveness of Internal Controls, Risk Management and Governance</b> |
| 14     | 2023/2024      | Lack of Hospital Policies and Manuals  |
| 15     | 2023/2024      | Lack of an Internal Audit Function   |
| 16     | 2023/2024      | Weak Human Resources Management Practices  |

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

| Description                                       | Note | 2024/25           | 2023/24           |
|---|------|-------------------|-------------------|
|   |      | Kshs              | Kshs              |
| <b>Revenue from non-exchange transactions</b>     |      |                   |                   |
| Transfers from the County Government              | 6    | 2,959,090         | 14,237,275        |
| In- kind contributions from the County Government | 7    | 4,684,000         | 3,526,000         |
| Grants from donors and development partners       |      | -                 |                   |
| Transfers from other Government entities          |      | -                 |                   |
| Public contributions and donations                |      | -                 |                   |
| <b>Revenue from non-exchange transactions</b>     |      | <b>7,643,090</b>  |                   |
| <b>Revenue from exchange transactions</b>         |      |                   |                   |
| Rendering of services- Medical Service Income     | 8    | 73,306,015        | 48,429,261        |
| Revenue from rent of facilities                   |      | -                 |                   |
| Finance /Interest Income                          |      | -                 |                   |
| Miscellaneous Income                              |      | -                 |                   |
| <b>Revenue from exchange transactions</b>         |      | <b>73,306,015</b> | <b>48,429,261</b> |
| <b>Total revenue</b>                              |      | <b>80,949,105</b> | <b>66,192,536</b> |
|   |      |                   |                   |
| <b>Expenses</b>                                   |      |                   |                   |
| Medical/Clinical costs                            | 9    | 37,787,423        | 26,558,374        |
| Employee costs                                    | 10   | 4,684,000         | 3,500,000         |
| Board of Management Expenses                      |      | -                 | -                 |
| Depreciation and amortization expense             |      | -                 | -                 |
| Repairs and maintenance                           | 11   | 1,293,570         | 3,166,045         |
| Transfers to CRF                                  | 12   | 2,959,090         | 13,490,175        |
| General expenses                                  | 13   | 12,525,004        | 15,234,816        |
| Finance costs                                     |      | -                 |                   |
| <b>Total expenses</b>                             |      | <b>59,249,087</b> | <b>61,949,410</b> |

**Londiani sub county level 4 Hospital (kericho County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

| Description  | Note | 2024/25            | 2023/24          |
|--|------|--------------------|------------------|
|  |      | Kshs               | Kshs             |
| <b>Other gains/(losses)</b>                                    |      |                    |                  |
| Gain/Loss on disposal of non-Current assets                    |      | -                  |                  |
| Unrealized gain on fair value of investments                   |      | -                  |                  |
| Medical services contracts<br>Gains/Losses(waivers&exemptions) | 14   | (3,280,805)        | (715,174)        |
| Impairment loss  |      | (-)                |                  |
| Gain on foreign exchange transactions                          |      | -                  |                  |
| <b>Total other gains/(losses)</b>                              |      | <b>(3,280,805)</b> | <b>(715,174)</b> |
| <b>Net Surplus / (Deficit) for the year</b>                    |      | <b>18,419,213</b>  | <b>3,527,952</b> |

The Hospital's financial statements were approved by the HMT on 7/11/2025 and signed on its behalf by:

  
 .....


**Chief officer**

**Health services**

  
 .....

**Head of Finance**

ICPAK No: 16851

  
 .....

**Medical Superintendent**

*Londiani sub county level 4 Hospital (kericho County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


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

| Description                                   | Note | 2024/25           | 2023/24           |
|---|------|-------------------|-------------------|
|   |      | Kshs              | Kshs              |
| <b>Assets</b>                                 |      |                   |                   |
| <b>Current assets</b>                         |      |                   |                   |
| Cash and cash equivalents                     | 15   | 14,944,887        | 5,020,713         |
| Prepayments                                   | 17   | 1,693,087         |                   |
| Receivables from exchange transactions        | 18   | 8,304,442         | 3,645,341         |
| Receivables from non-exchange transactions    | 19   | 0                 | 2,585,676         |
| Inventories                                   | 20   | 6,214,514         | 6,674,767         |
| <b>Total Current Assets</b>                   |      | <b>31,156,930</b> | <b>17,926,497</b> |
|   |      |                   |                   |
| <b>Non-current assets</b>                     |      |                   |                   |
| Property, plant, and equipment                | 21   | 2,973,150         | 2,057,100         |
| Intangible assets                             | 22   | 253,460           | 0                 |
| Investment property                           |      | 0                 |                   |
| Biological Assets                             |      | 0                 |                   |
| <b>Total Non-current Assets</b>               |      | <b>3,226,610</b>  | <b>2,057,100</b>  |
|   |      |                   |                   |
| <b>Total assets (A)</b>                       |      | <b>34,383,540</b> | <b>19,983,597</b> |
|   |      |                   |                   |
| <b>Liabilities</b>                            |      |                   |                   |
| <b>Current liabilities</b>                    |      |                   |                   |
| Trade and other payables                      | 23   | 5,919,990         | 5,025,286         |
| Refundable deposits from Patients/Prepayments |      | -                 |                   |
| Provisions                                    |      | -                 |                   |
| Finance lease obligation                      |      | -                 |                   |
| Current portion of deferred income            |      | -                 |                   |
| Current portion of borrowings                 |      | -                 |                   |

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| Description                            | Note | 2024/25                  | 2023/24                  |
|--|------|--------------------------|--------------------------|
|  |      | Kshs                     | Kshs                     |
| <b>Total Current Liabilities</b>       |      | <b>5,919,990</b>         | <b>5,025,286</b>         |
|  |      |                          |                          |
| <b>Non-current liabilities</b>         |      |                          |                          |
| Provisions                             |      | -                        |                          |
| Non-Current Finance lease obligation   |      | -                        |                          |
| Non-Current portion of deferred income |      | -                        |                          |
| Non - Current portion of borrowings    |      | -                        |                          |
| Service concession Arrangements        |      | -                        |                          |
| <b>Total non-current liabilities</b>   |      | <b>-</b>                 |                          |
|  |      |                          |                          |
| <b>Total Liabilities (B)</b>           |      | <b>5,919,990</b>         | <b>5,025,286</b>         |
|  |      |                          |                          |
| <b>Net assets (A-B)</b>                |      | <b><u>28,463,551</u></b> | <b><u>14,958,311</u></b> |
|  |      |                          |                          |
| <b>Represented by:</b>                 |      |                          |                          |
| Revaluation reserve                    |      |                          |                          |
| Accumulated surplus/Deficit            |      | 28,463,551               | 10,915,288               |
| Capital Fund                           |      | 0                        | 4,043,023                |
|  |      |                          |                          |
| <b>Net Assets</b>                      |      | <b><u>28,463,551</u></b> | <b><u>14,958,311</u></b> |

The Hospital's financial statements were approved by the HMT on 7/11/2025 and signed on its behalf by:

  
.....

**Chief officer**  
**Health services**

  
.....

**Head of Finance**  
**ICPAK No: 16851**

  
.....

**Medical Superintendent**

*Londiani sub county level 4 Hospital (kericho County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

| Description                    | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund      | Total             |
|--------------------------------|---------------------|-----------------------------|-------------------|-------------------|
| <b>As at July 1, 2023</b>      |                     | <b>7,387,336</b>            | <b>15,525,742</b> | <b>22,913,078</b> |
| Revaluation gain               | -                   | -                           | -                 | -                 |
| Surplus/(deficit) for the year | -                   | 3,527,952                   | -                 | 3,527,952         |
| Capital/Development grants     | -                   | -                           | 4,043,023         | 4,043,023         |
| <b>As at June 30, 2024</b>     |                     | <b>10,915,288</b>           | <b>19,568,765</b> | <b>30,484,053</b> |
|                                |                     |                             |                   |                   |
| <b>At July 1, 2024</b>         |                     | <b>10,915,288</b>           | <b>19,568,765</b> | <b>30,484,053</b> |
| Prior year adjustment          |                     | (870,950)                   | (19,568,765)      | (20,439,715)      |
| Revaluation gain               |                     | -                           | -                 | -                 |
| Surplus/(deficit) for the year | -                   | 18,419,213                  | -                 | 18,419,213        |
| Capital/Development grants     | -                   | -                           | 0                 | -                 |
| <b>At June 30, 2025</b>        |                     | <b>28,463,551</b>           | <b>0</b>          | <b>28,463,551</b> |

**notes**

*1. prior year adjustment was done on the previous year's accumulated surplus because the figure of ksh.870,950 had not been transferred to crf by the close of the financial year yet it had been reported as part of the receivables from county government.*

*2. Prior year adjustment was done on the capital fund figure since it had been erroneously reported in the previous year.there was no capital fund received in the previous financial years and the year under review.*

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

| Description                                     | Notes | 2024/25           | 2023/24           |
|---|-------|-------------------|-------------------|
|   |       | Kshs              | Kshs              |
| <b>Cash flows from operating activities</b>     |       |                   |                   |
| <b>Receipts</b>                                 |       |                   |                   |
| Transfers from the County Government            |       | 5,544,766         | 13,848,840        |
| Grants from donors and development partners     |       |                   |                   |
| Transfers from other Government entities        |       | -                 |                   |
| Public contributions and donations              |       | -                 |                   |
| Rendering of services- Medical Service Income   |       | 61,720,767        | 44,783,920        |
| Revenue from rent of facilities                 |       |                   |                   |
| Finance / interest income                       |       |                   |                   |
| Miscellaneous receipts                          |       |                   |                   |
| <b>Total Receipts</b>                           |       | <b>67,265,533</b> | <b>58,632,760</b> |
|   |       |                   |                   |
| <b>Payments</b>                                 |       |                   |                   |
| Medical/Clinical costs                          |       | 39,831,586        | 23,840,923        |
| Employee costs                                  |       | 0                 | 3,500,000         |
| Board of Management Expenses                    |       | 0                 | 0                 |
| Repairs and maintenance                         |       | 1,547,030         | 2,570,710         |
| Transfers to CRF                                |       | 3,830,040         | 12,806,215        |
| General expenses                                |       | 16,404,512        | 13,522,316        |
| Finance costs                                   |       |                   |                   |
| Refunds paid out                                |       |                   |                   |
| <b>Total Payments</b>                           |       | <b>61,613,168</b> | <b>56,240,164</b> |
| <b>Net cash flows from operating activities</b> | 24    | <b>5,652,365</b>  | <b>2,392,596</b>  |
| <b>Cash flows from investing activities</b>     |       |                   |                   |

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|   |           |                   |                    |
|---|-----------|-------------------|--------------------|
| Purchase of property, plant, equipment                      |           | (916,050)         | (1,178,800)        |
| Purchase of intangible assets                               |           | (-)               | -                  |
| Proceeds from the sale of PPE                               |           | -                 | -                  |
| Acquisition of investments                                  |           | (-)               | (-)                |
| <b>Net cash flows used in investing activities</b>          |           | <b>(916,050)</b>  | <b>(1,178,800)</b> |
| <b>Cash flows from financing activities</b>                 |           |                   |                    |
| Proceeds from borrowings                                    |           | -                 | -                  |
| Repayment of borrowings                                     |           | (-)               | (-)                |
| Capital grants received                                     |           | -                 |                    |
| <b>Net cash flows used in financing activities</b>          |           |                   | <b>(-)</b>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>4,736,315</b>  | <b>888,962</b>     |
| Prior year adjustment                                       | 16        | 5,187,860         |                    |
| Cash and cash equivalents as at 1 July                      | 15        | 5,020,712         | 4,131,750          |
| <b>Cash and cash equivalents as at 30 June</b>              | <b>15</b> | <b>14,944,887</b> | <b>5,020,712</b>   |

**Notes**

*Prior year adjustment was done on the opening cash and cash equivalent. The figure previously reported as the cash book balances at the close of financial year 2023/24 was inclusive of un-presented cheques and an A/c that should not have appeared in the cashbook as at 30<sup>th</sup> June 2024. A correction has been made and a note breaking down the adjustment has been indicated.*



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

| Description                                   | Original budget   | Adjustments       | Final budget      | Actual on comparable basis | Performance difference | % of utilisation |
|---|-------------------|-------------------|-------------------|----------------------------|------------------------|------------------|
|   | <b>a</b>          | <b>b</b>          | <b>c=(a+b)</b>    | <b>d</b>                   | <b>e=(c-d)</b>         | <b>f=d/c%</b>    |
|   | <b>Kshs</b>       | <b>Kshs</b>       | <b>Kshs</b>       | <b>Kshs</b>                | <b>Kshs</b>            |                  |
| Budget carryovers from the previous year      | -                 |                   |                   | 10,208,572                 |                        | %                |
| <b>Receipts</b>                               |                   |                   |                   |                            |                        |                  |
| Transfers from the County Government          |                   |                   |                   | 5,544,766                  | (5,544,766)            | %                |
| Grants from donors and development partners   |                   |                   |                   |                            |                        | %                |
| Transfers from other Government entities      |                   |                   |                   |                            |                        | %                |
| Public contributions and donations            |                   |                   |                   |                            |                        | %                |
| Rendering of services- Medical Service Income | 58,339,378        | 24,886,000        | 83,225,378        | 61,720,767                 | 21,504,611             | 74%              |
| Revenue from rent of facilities               |                   |                   |                   |                            |                        | %                |
| Finance / interest income                     |                   |                   |                   |                            |                        | %                |
| Miscellaneous receipts ( <i>specify</i> )     |                   |                   |                   |                            |                        | %                |
| <b>Total receipts</b>                         | <b>58,339,378</b> | <b>24,886,000</b> | <b>83,225,378</b> | <b>77,474,105</b>          | <b>15,959,845</b>      | <b>93%</b>       |
| <b>Payments</b>                               |                   |                   |                   |                            |                        |                  |
| Medical/Clinical costs                        | 29,713,647        | 22,932,000        | 52,645,647        | 39,831,586                 | 12,914,061             | 76%              |
| Purchase of ppe                               | 1,000,000         |                   | 1,000,000         | 916,050                    | 83,950                 | 92%              |
| Employee costs                                | 6,000,000         | 0                 | 6,000,000         | 0                          | 6,000,000              | 0%               |

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|   |                   |                   |                   |                   |                   |     |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----|
| Remuneration of directors                 | -                 | -                 | -                 | -                 | -                 | %   |
| Repairs and maintenance                   | 3,151,950         | 0                 | 3,151,950         | 1,547,030         | 1,604,920         | 49% |
| Grants and subsidies                      | 0                 | 0                 | 0                 | 3,830,040         | (3,830,040)       | %   |
| General expenses                          | 18,473,781        | 1,854,000         | 20,327,781        | 16,404,512        | 3,923,269         | 81% |
| Finance costs                             |                   |                   |                   |                   | -                 | %   |
| Refunds                                   |                   |                   |                   |                   | -                 | %   |
| <b>Total Operational Expenditure paid</b> | <b>58,339,378</b> | <b>24,786,000</b> | <b>83,125,378</b> | <b>62,529,218</b> | <b>20,696,160</b> | 75% |
| <b>Capital Expenditure paid</b>           |                   |                   |                   |                   |                   | %   |
| <b>Surplus</b>                            | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>14,944,887</b> |                   | %   |

**Budget notes**

**Rendering of services.** The comparison between the budgeted and actual figure gives 74% utilization rate.this is because in the actual amount is not inclusive of the receivables as at 30<sup>th</sup> june 2025

**Total operational expenditure** which is inclusive of medical cost(75%),repairs and maintenance (49%) and general expenses(81%) are below the required 90% .the difference are commitments;which are procurerables that had not been invoiced as at 30<sup>th</sup> june 2025.

**Employee cost.** The total utilization of employee cost is zero.the hospital had budgeted for employee cost as it was expected to be incurred during the year but by the close of the financial year the department of health covered all the employee cost hence the zero utilization rate.

:



**Budget Reconciliation**

| Description of Particulars |   |            |
|----------------------------|---|------------|
|                            | Actual Surplus Amounts as per the statement of Budget               | 14,944,887 |
| 1                          | Reason for differences  | 0          |
| 2                          | Reason for differences  | 0          |
| 3                          | Reason for differences  | 0          |
| 4                          | Reason for differences  | 0          |
|                            | Closing Cash and Cash Equivalent as per the statement of Cash flows | 14,944,887 |

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

### **1. General Information**

Londiani sub county hospital is established by and derives its authority and accountability from health act 21 of 2017. The entity is wholly owned by kericho County Government and is domiciled in kericho County in Kenya. The entity's principal activity is provision of healthcare 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 Londiani sub county hospital 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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Londiani sub county hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

| Standard                             | Effective date and impact  |
|--------------------------------------|--|
|                                      | <p>IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>   |
| <p>IPSAS 46<br/><br/>Measurement</p> | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47-<br/>Revenue</p>         | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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</p>   |

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

| Standard | Effective date and impact                         |
|----------|---|
|          | any exploration and evaluation assets recognized. |

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2024/25

**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 and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net

carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

### **Rental income**

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

### **b. Budget information**

The original budget for FY 2024/25 was approved by HMT on 26/08/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. . Londiani sub county hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

### **c. Taxes**

#### **Sales tax/ Value Added Tax**

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of one 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 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 Financial Statements (Continued)**

### **h. Research and development costs**

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

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

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

### **i. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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.

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

### **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.

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

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

### **j. Inventories**

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

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

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

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

### **k. Provisions**

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

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

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

**Notes to Financial Statements (Continued)**

**l. Social Benefits**

Social benefits are cash transfers provided to

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. 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 Financial Statements (Continued)**

**p. 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.

**q. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**r. 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.

**s. 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 londiani sub county hospital, or

vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**t. 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, Londiani sub county hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Londiani sub county hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u. 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.

**v. Comparative figures**

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

**w. 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, 2024.

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

### **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 Londiani sub county hospital.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. a) Transfers from the County Government**

| Description                                  | 2024/25          | 2023/24           |
|--|------------------|-------------------|
|  | KShs             | KShs              |
| <b>Authority to incur Expenditure(AIE)</b>   |                  |                   |
| AIE Funding                                  | 2,959,090        | 14,237,275        |
| <b>Total Transfer from county government</b> | <b>2,959,090</b> | <b>14,237,275</b> |

**6 b) Transfers from The County Government**

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance<br>KShs | Amount not deferred under deferred income<br>KShs | Amount recognized in capital fund | Total grant income during the year | 2023/24           |
|--------------------------------------|---|---|-----------------------------------|------------------------------------|-------------------|
|                                      |   |   | KShs                              | KShs                               | KShs              |
| County Government of kericho         | 2,959,090   | -   | -                                 | 2,959,090                          | 14,237,275        |
| <b>Total</b>                         | <b>2,959,090</b>  | <b>-</b>  | <b>-</b>                          | <b>2,959,090</b>                   | <b>14,237,275</b> |

**Notes to Financial Statements Continued**

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

| Description  | 2024/25          | 2023/24          |
|--|------------------|------------------|
|  | KSh              | KSh              |
| Salaries and wages   | 4,684,000        | 3,526,000        |
| Medical supplies-Drawings Rights (KEMSA)                             |                  |                  |
| Pharmaceuticals and Non-Pharmaceutical Supplies<br>(other suppliers) |                  |                  |
| Utility bills  |                  |                  |
| <b>Total grants in kind</b>  | <b>4,684,000</b> | <b>3,526,000</b> |

**Notes to Financial Statements Continued**

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

| Description          | 2024/25      | 2023/24   |
|----------------------|--------------|-----------|
|                      | KSh          | KSh       |
| Pharmaceuticals      | 2,732,780.00 | 2,287,572 |
| Non-Pharmaceuticals  | 260,920.00   | 289,010   |
| Laboratory           | 4,696,200.00 | 2,691,750 |
| Radiology            | 3,655,800.00 | 2,591,900 |
| Theatre              | 105,500.00   | 40,100    |
| Casualty fee         | 102,600.00   | 136,200   |
| Mortuary             | 627,850.00   | 609,650   |
| Occupational therapy | 2,200.00     | 2,550     |
| Registration         | 1,600,650.00 | 1,515,950 |
| Nursing care         | 145,400.00   | 177,500   |
| Physiotherapy        | 197,700.00   | 101,100   |
| MOPC                 | 4,800.00     | 12,600    |
| Catering             | 181,100.00   | 249,000   |
| Administration       | 0            | 1,500     |
| Inpatient            | 650.00       | -         |
| Ortio tech           | 2,800.00     | 1,400     |
| Medical examination  | 27,600.00    | 37,100    |
| Public health        | 329,700.00   | 14,700    |
| Nebulization         | 12,950.00    | 19,600    |
| Psychology           | 200.00       | 300       |
| Minor theatre        | 96,700.00    | 126,800   |
| Plasta               | 1,890,150    | 1,075,400 |
| Dressing             | 36,100.00    | 38,700    |
| Consultation         | 5,400.00     | 900       |
| Deposit              | 169,803.00   | 280,410   |
| Injection            | 500.00       | 5,750     |

**Londiani sub county level 4 Hospital (kericho County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

|   |                   |                   |
|---|-------------------|-------------------|
| e-file  | 57,600.00         | 75,600            |
| TB  | 608.00            | -                 |
| RDF   | 25,860.00         | -                 |
| Bed   | 215,600.00        | 281,500           |
| Laundry   | 95,600.00         | 146,500           |
| Fluids  | 71,300.00         | 108,000           |
| Farm  | 0                 | 93,000            |
| stitching   | 19,250.00         | 7,400             |
| oxygen  | 44,100.00         | 50,400            |
| delivery  | 175,400.00        | 2,000             |
| Eye clinic  | 200               | -                 |
| Dental  | 157,300.00        | -                 |
| Waivers and exemptions                              | 3,280,805         |                   |
| Public health                                       | -                 | 383,500           |
| Our lady of perpetual support                       | 0                 | 35,000            |
| AON   | 2,254,527         | 1,360,187         |
| NHIF  | 9,852,520         | 33,578,732        |
| SHA   | 40,169,292        | -                 |
| <b>Total revenue from the rendering of services</b> | <b>73,306,015</b> | <b>48,429,261</b> |

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

**9. Medical/ Clinical Costs**

| Description                          | 2024/25           | 2023/24           |
|--------------------------------------|-------------------|-------------------|
|                                      | Kshs              | Kshs              |
| Dental costs/ materials              | 87,400            | -                 |
| Laboratory chemicals and reagents    | 5,862,692         | 4,068,872         |
| Public health activities             | 100,000           | -                 |
| Food and Ration                      | 7,522,860         | 4,116,330         |
| Uniform, clothing, and linen         | 263,350           | -                 |
| Dressing and Non-Pharmaceuticals     | 11,909,593        | 9,693,575         |
| Pharmaceutical supplies              | 9,981,224         | 7,711,625         |
| Health information stationery        | -                 | -                 |
| Reproductive health materials        | -                 | -                 |
| Sanitary and cleaning Materials      | 648,115           | 300,950           |
| Purchase of Medical gases            | 891,924           | 300,022           |
| X-Ray/Radiology supplies             | 520,265           | 367,000           |
| Other medical related clinical costs | -                 | -                 |
| <b>Total medical/ clinical costs</b> | <b>37,787,423</b> | <b>26,558,374</b> |

**10. Employee Costs**

| Description                     | 2024/25          | 2023/24          |
|---------------------------------|------------------|------------------|
|                                 | Kshs             | Kshs             |
| Salaries, wages, and allowances | 4,684,000        | 3,500,000        |
| Other employee costs            | -                | -                |
| <b>Employee costs</b>           | <b>4,684,000</b> | <b>3,500,000</b> |

**11. Repairs And Maintenance**

| Description                          | 2023/25          | 2023/24          |
|--------------------------------------|------------------|------------------|
|                                      | K.sh             | K.sh             |
| Property- Buildings                  | 60,000           | 1,099,380        |
| Medical equipment                    | 1,233,570        | 860,095          |
| Furniture and fittings               | -                | -                |
| Computers and accessories            | -                | 615,350          |
| Motor vehicle expenses               | -                | -                |
| Maintenance of civil works           |                  | 591,220          |
| <b>Total repairs and maintenance</b> | <b>1,293,570</b> | <b>3,166,045</b> |

**12 .Transfers to crf**

| Description                          | 2023/25          | 2023/24           |
|--------------------------------------|------------------|-------------------|
| FIF transfers to county revenue fund | 2,959,090        | 13,490,175        |
|                                      |                  |                   |
| <b>Total grants and subsidies</b>    | <b>2,959,090</b> | <b>13,490,175</b> |

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

**13 .General Expenses**

| Description  | 2024/25           | 2023/24           |
|--|-------------------|-------------------|
|  | KShs              | KShs              |
| Bank charges   | 68,672            | 87,766            |
| Contracted services  | 2,296,000         | 2,366,000         |
| Electricity expenses   | 3,358,914         | 2,340,000         |
| Fuel and Lubricants  | 4,254,400         | 5,800,000         |
| Insurance  | -                 | -                 |
| Research and development expenses                                      | -                 | -                 |
| Travel and accommodation allowance                                     | 1,199,500         | 1,319,380         |
| Legal expenses   | -                 | -                 |
| Licenses and permits   | 49,040            | 43,500            |
| Courier and postal services  | 47,250            | -                 |
| Printing and stationery  | 571,228           | 2,893,170         |
| Hire charges   | -                 | -                 |
| Rent expenses  | -                 | -                 |
| Water and sewerage costs   | -                 | -                 |
| Skills development levies  | -                 | -                 |
| Telephone and mobile phone services                                    | 80,000            | 85,000            |
| Internet expenses  | -                 | -                 |
| Staff training and development   | -                 | -                 |
| Subscriptions to professional bodies                                   | -                 | -                 |
| Subscriptions to newspapers periodical, magazines, and gazette notices | -                 | -                 |
| firewood   | 600,000           | 300,000           |
| Parking charges  | -                 | -                 |
| <b>Total General Expenses</b>  | <b>12,525,004</b> | <b>15,234,816</b> |

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

**14 .Medical Services Contracts Gains /Losses**

| Description            | 2024/25            | 2023/24          |
|------------------------|--------------------|------------------|
|                        | KSh                | KSh              |
| Exemptions             | (1,857,405)        | (360,229)        |
| Waivers                | (1,423,400)        | (354,945)        |
| <b>Total Gain/Loss</b> | <b>(3,280,805)</b> | <b>(715,174)</b> |

**15.Cash And Cash Equivalents**

| Description                            | 2024/25           | 2023/24          |
|--|-------------------|------------------|
|  | KSh               | KSh              |
| Current accounts                       | 12,277,982        | 4,157,574        |
| Development account                    | 843,032           | 863,139          |
| Operations account                     | 1,823,873         | -                |
| Cash in hand                           | -                 | -                |
| Others( <i>specify</i> )- Mobile money | -                 | -                |
| <b>Total cash and cash equivalents</b> | <b>14,944,887</b> | <b>5,020,712</b> |

Notes to the Financial Statements (Continued)

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

| Description                       |                | 2024/25           | 2023/24          |
|-----------------------------------|----------------|-------------------|------------------|
| Financial Institution             | Account number | KShs              | KShs             |
| <b>a) Current account</b>         |                |                   |                  |
| Kenya Commercial bank             | 1153902516     | 12,277,982        | 4,157,574        |
| Development account               | 1145265456     | 843,032           | 863,139          |
| Operation account                 | 1337128430     | 1,823,873         | -                |
| <b>Sub- total</b>                 |                | <b>14,944,887</b> | <b>5,020,712</b> |
| <b>b) On - call deposits</b>      |                |                   |                  |
| Kenya Commercial bank             |                |                   |                  |
| Equity Bank – etc                 |                |                   |                  |
| <b>Sub- total</b>                 |                |                   |                  |
| <b>c) Fixed deposits account</b>  |                |                   |                  |
| Bank Name                         |                |                   |                  |
| <b>Sub- total</b>                 |                |                   |                  |
| <b>d) Others(specify)</b>         |                |                   |                  |
| cash in hand                      |                |                   |                  |
| Mobile money- Mpesa, Airtel money |                |                   |                  |
| <b>Sub- total</b>                 |                |                   |                  |
|                                   |                |                   |                  |
| <b>Grand total</b>                |                | <b>14,944,887</b> | <b>5,020,712</b> |

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

**16 .Prior year adjustment on cash and cash equivalent**

|  | 2024/25           | 2023/24 |
|--|-------------------|---------|
| Un-presented cheques   | 6,818,375         |         |
| Aie  | (1,630,515)       |         |
| <b>The adjusted balance</b>  | <b>5,187,860</b>  |         |
| Cash and cash equivalent as at 30 <sup>th</sup> June 2024              | 5,020,712         |         |
| <b>Opening cash and cash equivalent as at 1<sup>st</sup> July 2024</b> | <b>10,208,572</b> |         |

**17 .Prepayments**

| Description    | 2024/25<br>KSh   | 2023/24<br>KSh |
|----------------|------------------|----------------|
| Refined fuel   | 586,745          | -              |
| electricity    | 1,106,342        | -              |
| Water          | -                | -              |
| Internet       | -                | -              |
| Others specify | -                | -              |
| <b>Total</b>   | <b>1,693,087</b> | <b>0</b>       |

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

**18 .Receivables From Exchange Transactions**

| Description                        | 2024/25          | 2023/24          |
|------------------------------------|------------------|------------------|
|                                    | Kshs             | Kshs             |
| Medical services receivables(SHA)  | 5,314,415        | -                |
| Medical service receivables (AON)  | 1,347,527        | 804,587          |
| Medical service receivables (NHIF) | 1,642,500        | 2,840,754        |
| <b>Total receivables</b>           | <b>8,304,442</b> | <b>3,645,341</b> |

**18 a)Analysis of Receivables From Exchange Transactions**

| Description        | 2024/25           |                | 2023/24          |                |
|--------------------|-------------------|----------------|------------------|----------------|
|                    | Kshs              |                | Kshs             |                |
|                    | 2024/25           | % of the total | 2023/24          | % of the total |
| Less than 1 year   | 11,473,837        | 100%           | 3,645,341        | 100%           |
| Between 1- 2 years |                   | %              | -                | %              |
| Between 2-3 years  |                   | %              | -                | %              |
| Over 3 years       |                   | %              | -                | %              |
| <b>Total (a+b)</b> | <b>11,473,837</b> | <b>100%</b>    | <b>3,645,341</b> | <b>100%</b>    |

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

**19 .Receivables From Non-Exchange Transactions**

| Description  | 2024/25  | 2023/24          |
|--|----------|------------------|
|  | KSSh     | KSSh             |
| Transfers from the County Government               | 0        | 2,585,676        |
| Undisbursed donor funds                            |          |                  |
| Other debtors ( <i>non-exchange transactions</i> ) |          |                  |
| Less: impairment allowance                         | (-)      | (-)              |
| <b>Total</b>                                       | <b>0</b> | <b>2,585,676</b> |

**Analysis of Receivables From Non-Exchange Transactions**

| Description        | 2024/25  |                | 2023/24          |                |
|--------------------|----------|----------------|------------------|----------------|
|                    | KSSh     | % of the total | KSSh             | % of the total |
|                    | 2024/25  | % of the total | 2023/24          | % of the total |
| Less than 1 year   | 0        | 0%             | 2,585,676        | 100%           |
| Between 1- 2 years |          | %              |                  | %              |
| Between 2-3 years  |          | %              |                  | %              |
| Over 3 years       |          | %              |                  | %              |
| <b>Total (a+b)</b> | <b>0</b> | <b>0%</b>      | <b>2,585,676</b> | <b>100%</b>    |

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

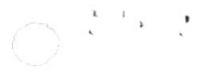
**20 .Inventories**

| Description                              | 2024/25          | 2023/24          |
|--|------------------|------------------|
|  | KShs             | KShs             |
| Pharmaceutical supplies                  | 2,975,414        | 1,725,665        |
| Non - pharmaceuticals supplies           | 2,923,940        | 3,624,260        |
| Food supplies                            | 34,460           | 264,942          |
| Linen and clothing supplies              | -                | -                |
| Cleaning materials supplies              | 111,300          | 57,800           |
| General supplies                         | 169,400          | 1,002,100        |
| X-ray supplies                           | -                | -                |
| Less: provision for impairment of stocks | (-)              | (-)              |
| <b>Total</b>                             | <b>6,214,514</b> | <b>6,674,767</b> |

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

**20 a) Detailed disclosure on inventories**

|                                  | 2024/25    | 2023/24 |
|----------------------------------|------------|---------|
| Opening balance                  | 6,674,767  |         |
| Additional Inventory in the year | 39,954,701 |         |
| Inventory expensed in the year   | 40,414,954 |         |
| Write-downs in the year          | -          |         |
| Others specify                   | -          |         |
| Closing balance                  | 6,214,514  |         |



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*Notes to the Financial Statements (Continued)*

**21 .Property, Plant and Equipment**

| Description                        | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipmen     | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total |
|------------------------------------|------|---------------------------|----------------|---|------------------|-----------------------------|------------------------|--------------------------|-------|
|                                    | Ksh  | Ksh                       | Ksh            | Ksh                                       | Ksh              | Ksh                         |                        | Ksh                      | Ksh   |
| <b>Cost</b>                        |      |                           |                |   |                  |                             |                        |                          |       |
| At 1 July 2023                     |      |                           |                |   |                  |                             |                        |                          |       |
| Additions                          |      |                           |                |   | 2,057,100        |                             |                        |                          |       |
| Disposals                          | (-)  | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | -                      | -                        | (-)   |
| Transfers/adjustments              | -    | -                         | (-)            | -   | -                | -                           | -                      | -                        | (-)   |
| Revaluation Adjustments            | -    | -                         | -              | -   | -                | -                           | -                      | -                        | -     |
| <b>At 30<sup>th</sup> Jun 2024</b> | -    | -                         | -              | -   | <b>2,057,100</b> |                             | -                      | -                        | -     |
|                                    |      |                           |                |   |                  |                             |                        |                          |       |
| At 1 July 2024                     | -    | -                         | -              | -   | 2,057,100        |                             | -                      | -                        | -     |
| Additions                          | -    | -                         | -              | -   | 916,050          |                             | -                      | -                        | -     |
| Disposals                          | (-)  | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | -                      | (-)                      | (-)   |
| Transfer/adjustments               | -    | -                         | -              | -   | -                | -                           | -                      | (-)                      | -     |
| Revaluation Adjustments            | -    | -                         | -              | -   | -                | -                           | -                      | -                        | -     |

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| Description                         | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment    | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total |
|-------------------------------------|------|---------------------------|----------------|---|------------------|-----------------------------|------------------------|--------------------------|-------|
| <b>At 30<sup>th</sup> Jun 2025</b>  | -    | -                         | -              | -   | <b>2,973,150</b> | -                           | -                      | -                        | -     |
| <b>Depreciation and impairment</b>  |      |                           |                |   |                  |                             |                        |                          |       |
| At 1 July 2024                      |      | -                         | -              | -   | -                | -                           | -                      | -                        | -     |
| Depreciation for the year           |      | -                         | -              | -   | -                | -                           | -                      | -                        | -     |
| Disposals                           |      | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | (-)                    | -                        | (-)   |
| Impairment                          |      | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | (-)                    | -                        | (-)   |
| <b>At 30 June 2024</b>              |      |                           |                |   |                  |                             |                        | -                        |       |
| At July 2024                        |      |                           |                |   |                  |                             |                        | -                        |       |
| Depreciation                        |      |                           |                |   |                  |                             |                        | -                        |       |
| Disposals                           |      | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | (-)                    | -                        | (-)   |
| Impairment                          |      | (-)                       | (-)            | (-)                                       | (-)              | (-)                         | (-)                    | -                        | (-)   |
| Transfer/adjustment                 |      | -                         | -              | -   | -                | -                           | -                      | -                        | (-)   |
| <b>At 30<sup>th</sup> June 2025</b> |      | -                         | -              | -   | -                | -                           | -                      | -                        | -     |
|                                     |      |                           |                |   |                  |                             |                        |                          |       |
| <b>Net book values</b>              |      |                           |                |   |                  |                             |                        |                          |       |

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| Description                   | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total |
|-------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|------------------------|--------------------------|-------|
| At 30 <sup>th</sup> June 2024 | -    | -                         | -              | -   | 2,057,100     | -                           | -                      | -                        | -     |
| At 30 <sup>th</sup> Jun 2025  | -    | -                         | -              | -   | 2,973,150     | 2,973,150                   | -                      | -                        | -     |

Notes to the Financial Statements (Continued)

22 .Intangible Assets-Software

| Description                        | 2024/25        | 2023/24  |
|------------------------------------|----------------|----------|
|                                    | KShs           | KShs     |
| <b>Cost</b>                        |                |          |
| <b>At beginning of the year</b>    | 0              |          |
| Additions                          | 253,460        |          |
| Additions–Internal development     | 0              | 0        |
| Disposal                           | (-)            | (-)      |
| <b>At end of the year</b>          | <b>253,460</b> | <b>0</b> |
|                                    |                |          |
| <b>Amortization and impairment</b> |                | -        |
| <b>At beginning of the year</b>    |                | -        |
| Amortization for the period        |                | -        |
| Impairment loss                    |                | -        |
| <b>At end of the year</b>          |                | -        |
| <b>NBV</b>                         | <b>253,460</b> | -        |
|                                    |                |          |

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

**23 .Trade and other Payables**

| Description                           | 2024/25          |                       | 2023/24          |                       |
|---------------------------------------|------------------|-----------------------|------------------|-----------------------|
|                                       | KShs             |                       | KShs             |                       |
| Trade payables                        | 5,919,990        |                       | 5,025,286        |                       |
| Employee dues                         |                  |                       |                  |                       |
| Third-party payments                  |                  |                       |                  |                       |
| Audit fee                             |                  |                       |                  |                       |
| Doctors' fee                          |                  |                       |                  |                       |
| <b>Total trade and other payables</b> | <b>5,919,990</b> |                       | <b>5,025,286</b> |                       |
| <b>Ageing analysis:</b>               | <b>2024/25</b>   | <b>% of the Total</b> | <b>2023/24</b>   | <b>% of the total</b> |
| Under one year                        | 5,919,990        | 100%                  | 5,025,286        | 100%                  |
| 1-2 years                             |                  | %                     |                  | %                     |
| 2-3 years                             |                  | %                     |                  | %                     |
| Over 3 years                          |                  | %                     |                  | %                     |
| <b>Total</b>                          | <b>5,919,990</b> | <b>100%</b>           | <b>5,025,286</b> | <b>100%</b>           |

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**24 .Cash Generated from Operations**

| Description                                    | 2024.25           | 2023/24          |
|--|-------------------|------------------|
|  | KShs              | KShs             |
| Surplus for the year before tax                | 18,419,213        | 4,950,230        |
| <b>Adjusted for:</b>                           |                   |                  |
| Depreciation                                   |                   |                  |
| Non-cash grants received                       | (-)               | (-)              |
| Impairment                                     |                   |                  |
| Gains and losses on disposal of assets         | (-)               | (-)              |
| Contribution to provisions                     |                   |                  |
| Contribution to impairment allowance           |                   |                  |
| <b>Working Capital adjustments</b>             |                   |                  |
| Increase in inventory                          | (460,253)         | (2,829,282)      |
| Increase in receivables                        | (2,073,425)       | (4,753,638)      |
| Increase in deferred income                    |                   |                  |
| Increase in payables                           | 894,704           | 5,025,286        |
| Increase in payments received in advance       | 1,693,087         | -                |
| <b>Net cash flow from operating activities</b> | <b>18,473,326</b> | <b>2,392,596</b> |

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

**25 .Financial Risk Management**

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

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

**(i) Credit risk**

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

| Description                                 | Total amount     | Fully performing | Past due | Impaired |
|---|------------------|------------------|----------|----------|
|   | Kshs             | Kshs             | Kshs     | Kshs     |
| At 30 June 2024                             |                  |                  |          |          |
| Receivables from exchange transactions      | 3,645,341        | 3,645,341        | -        | -        |
| Receivables from –non-exchange transactions | 2,585,676        | 2,585,676        | -        | -        |
| Bank balances                               |                  |                  | -        | -        |
| <b>Total</b>                                | <b>6,231,017</b> | <b>6,231,017</b> | -        | -        |
| At 30 June 2025                             |                  |                  |          |          |
| Receivables from exchange transactions      | 8,304,442        | 8,304,442        | -        | -        |
| Receivables from –non-exchange transactions | 0                | 0                | -        | -        |

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|               |                   |                   |   |   |
|---------------|-------------------|-------------------|---|---|
| Bank balances | 14,944,887        | 14,944,887        | - | - |
| <b>Total</b>  | <b>23,249,329</b> | <b>23,249,329</b> | - | - |

**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. The board of management sets the hospital’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

| Description                   | Less than 1 month<br>Kshs | Between 1-3 months<br>Kshs | Over 3 months<br>Kshs | Total<br>Kshs    |
|-------------------------------|---------------------------|----------------------------|-----------------------|------------------|
| <b>At 30 June 2024</b>        |                           |                            |                       |                  |
| Trade payables                |                           | 5,025,286                  |                       | 5,025,286        |
| Current portion of borrowings |                           |                            |                       |                  |
| Provisions                    |                           |                            |                       |                  |
| Deferred income               |                           |                            |                       |                  |
| Employee benefit obligation   |                           |                            |                       |                  |
| <b>Total</b>                  |                           | <b>5,025,286</b>           |                       | <b>5,025,286</b> |
| <b>At 30 June 2025</b>        |                           |                            |                       |                  |
| Trade payables                |                           | 5,919,990                  |                       | 5,919,990        |
| Current portion of borrowings |                           |                            |                       |                  |
| Provisions                    |                           |                            |                       |                  |
| Deferred income               |                           |                            |                       |                  |

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|                             |  |                  |  |                  |
|-----------------------------|--|------------------|--|------------------|
| Employee benefit obligation |  |                  |  |                  |
| <b>Total</b>                |  | <b>5,919,990</b> |  | <b>5,919,990</b> |

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

**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   | 2023/25      | 2023/24     |
|---|--------------|-------------|
|   | KShs         | KShs        |
| Revaluation reserve                                   |              |             |
| Retained earnings                                     |              |             |
| Capital reserve                                       | 0            | 4,043,023   |
| <b>Total funds</b>                                    |              |             |
| Total borrowings                                      |              |             |
| Less: cash and bank balances                          | (14,944,887) | (5,020,713) |
| Net debt/ ( <i>excess cash and cash equivalents</i> ) |              |             |
| <b>Gearing</b>  | %            | %           |

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

**26 .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.

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

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

| Description  | 2024/25          | 2023/24           |
|--|------------------|-------------------|
|  | Kshs             | Kshs              |
| <b>Transactions with related parties</b>               |                  |                   |
|  |                  |                   |
| <b>a) Services offered to related parties</b>          |                  |                   |
| Services   |                  |                   |
| Sales of services                                      |                  |                   |
| <b>Total</b>   |                  |                   |
|  |                  |                   |
| <b>b) Grants from the Government</b>                   |                  |                   |
| Grants from County Government                          | 5,544,766        | 12,806,215        |
| Grants from the National Government Entities           |                  |                   |
| Donations in kind                                      |                  |                   |
| <b>Total</b>   | <b>5,544,766</b> | <b>12,806,215</b> |
|  |                  |                   |
| <b>c) Expenses incurred on behalf of related party</b> |                  |                   |
| Payments of salaries and wages for employees           | 0                | 3,500,000         |

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| Description                           | 2024/25          | 2023/24          |
|---------------------------------------|------------------|------------------|
|                                       | Kshs             | Kshs             |
| Payments for goods and services       |                  |                  |
| <b>Total</b>                          | <b>0</b>         | <b>3,500,000</b> |
|                                       |                  |                  |
| <b>d) Key management compensation</b> |                  |                  |
| Directors' emoluments                 | -                | -                |
| Compensation to the medical Sup       | -                | -                |
| Compensation to key management        | -                | -                |
|                                       |                  |                  |
| <b>Total</b>                          | <b>5,544,766</b> | <b>-</b>         |

**27 .Events after the Reporting Period**

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

**28 .Ultimate and Holding Entity**

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

**29 . Currency**

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

**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. in the external Audit Report | Issue/ Observations from Auditor      | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---------------------------------------|--|--------------------------------------|---|
|  | Deficiencies in implementation of UHC | The county government of kericho is making steps to equip the hospital both in personnel and other resources   | Not resolved                         | June 2026   |
|  | Failure to appoint hospital committee | The county government of Kericho has already issued letters of appointment to the committee members and are set to begin working from financial year 2025/26 | resolved                             |   |

**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 ragtime with the appointed Focal Point persons within your entity responsible the for implementation of each issue.





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

.....  
**Accounting Officer**

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

**Name of Transferring entity:** kericho county government

**Name of Beneficiary entity :** londiani sub county hospital

| Amounts confirmed as received by londiani sub county hospital as at 30 <sup>th</sup> June 2025 |                |                  |                 |                    |           |
|--|----------------|------------------|-----------------|--------------------|-----------|
| Reference Number   | Date Disbursed | Recurrent (A)    | Development (B) | Total<br>(C)=(A+B) | Remarks   |
|  | 2/07/2024      | 1,630,515        | 0               |                    | Disbursed |
|  | 15/10/2024     | 84,211           | 0               |                    | Disbursed |
|  | 15/10/2024     | 870,950          | 0               |                    | Disbursed |
|  | 15/10/2024     | 1,386,670        | 0               |                    | Disbursed |
|  | 15/10/2024     | 1,572,420        | 0               |                    | Disbursed |
| <b>Total</b>   |                | <b>5,544,766</b> | <b>0</b>        |                    |           |
| I confirm that the amounts shown above are correct as of the date indicated.                   |                |                  |                 |                    |           |



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**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name *CPA Laurena Koch* ..... Sign *[Signature]* ..... Date.....

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