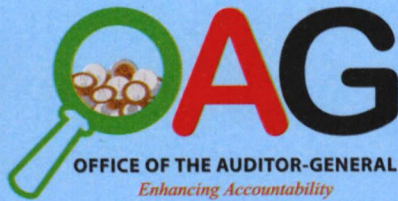


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NYERI COUNTY HEALTH SERVICES

FUND

FOR THE YEAR
ENDED 30 JUNE, 2025

PARLIAMENT
OF KENYA
LIBRARY

DATE 29/10/2025
TABLED BY Majority Ldr
COMMITTEE
CLERK AT THE TABLE Balinda

CLERK AT THE TABLE
COMMITTEE
TABLED BY
DATE
PAPERS LAID

Revised 30th June 2025



NYERI COUNTY HEALTH SERVICES FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2025

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

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Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents	
1. Acronyms and Definition of Key Terms.....	ii
2. Key Entity Information and Management.....	iii
3. Board of Trustees/ Fund Administration Committee	vi
4. Management Team	viii
5.Board/Fund Chairperson Report.....	ix
6. Report of The Fund Administrator	xi
7. Statement of Performance Against the Nyeri County Health Services Fund’s Predetermined Objectives.....	xiii
8. Corporate Governance Statement	xvii
9. Management Discussion and Analysis	xix
10. Environmental and Sustainability Reporting.....	xxii
11. Report of the Health Fund Board.....	xxiii
12. Statement of Management’s Responsibilities	xxiv
13. Report of The Independent Auditor on the Financial Statements for Nyeri County Health Services Fund	xxv
14. Statement of Financial Performance for the Year Ended 30 th June 2025.....	1
15. Statement of Financial Position As at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2025.....	4
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025.....	6
19. Notes to the Financial Statements.....	8
20. Annexes.....	41

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
HSF	Health Service Board
AWP	Annual Work Plan
Kshs	Kenya Shillings
KHSSP	Kenya Health Sector Strategic Plan

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Nyeri County Health Services Fund is established by and derives its authority and accountability from Nyeri County Health Fund Act, 2021 on 1st July, 2021. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The objectives of the Health Services Fund are as follows:

- (a) Improve the quality of Health Care Services
- (b) Ensure facilities have better access to financial resources
- (c) Ensure health facilities are responsive to medical and public health emergencies

b) Principal Activities

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on-
 - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (ii) approval of primary health services expenditure plans
- c) Receive reports from the Hospital management boards for its consideration and adoption.

Board of Trustees/Fund Administration Committee

Name		Position
1	Josephine Wangari Gaita	Fund Board Chair
2	Peter Kiama Maina	Fund Board Vice Chair
3	Moses Gachanja Githinji	Fund Administrator/Secretary
4	Ibrahim Adan	Member
5	Dr. Nelson Mwangi Muriu	Member
6	Anthony Maina Mithanga	Member
7	Joseph P.M Karueru	Member
8	Maryann Njoki Gikunju	Member

(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period.)

d) Key Management team

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	Name	Position
1	Ibrahim Adan	Chief Officer Health Services
2	Dr. Nelson Mwangi Muriu	Director Health Services
3	Moses Gachanja Githinji	Fund Administrator
4	Alice Nyawira Ndungu	Fund Accountant
5	Terry Wanjiku Nderi	Procurement Officer

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

	Position	Name
1	Directorate Internal Audit	John K.Muchira

f) Registered Offices

P.O. Box 1112-10100
Block ‘A’ Building/Regional Commissioners Offices
Nyeri / Kamakwa Road
Nyeri, KENYA

g) Fund Contacts

P.O. Box 1112-10100
E-mail: .go.ke
Website: www.nyeri.go.ke

h) Fund Bankers

- Co-op Bank of Kenya
Kenyatta Avenue
P.O. Box 192
Nyeri 10100
Nyeri, Kenya
- KCB Bank
Kenyatta Avenue
P.O Box
Nyeri 10100

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney

Office of County Attorney
Nyeri County
Nyeri County Governor's Office
P.O. Box 1112
Nyeri 10100
Nyeri, Kenya

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3. Board of Trustees/ Fund Administration Committee

Details of qualifications and experience	
1. Josephine Wangari Gaita 	Chair of the Board. Date of Birth 12/11/1957; Education;M.A Political Science Experience;Worked for 34 years in the Ministry of Foreign Affairs and rose through ranks to the position of Ambassador.
2. Peter Kiama Maina 	Vice Chair of the Board. Date of Birth 17/7/1960; Education;Executive Masters in Business Education. Experience;Maintenance Engineer at EABL for 27 years and Engineering maintenance Consultant for 19 Years
3. Ibrahim Adan 	Executive Member of the Board. Date of Birth 16/5/1986; University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management. Head of Finance in NGO/ Government of Kenya for more than 15 years.
4. Dr. Nelson Mwangi Muriu 	Executive Member of the Board. Date of Birth 3/4 /1980; University Education; MBChB – Masters in Epidemiology. Worked with the Government of Kenya for more than 15 years.
5. Anthony Maina Mithanga 	Independent Member of the Board. Date of Birth 8/10/1968; University Education; BSC in Computer Science. Managing Director in a Private Firm for more than 10 years

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

6. Joseph P.M. Karueru 	Independent Member of the Board. Date of Birth 23/8/1947; University Education; Masters in Economics and Social Studies. Over 30 years experience in Health Sector.
7. Maryann Njoki Gikunju 	Independent Member of the Board. Date of Birth ;11/3/1995 Education; Bachelor of Arts History and Public Administration
8. Moses Githinji 	Executive Member of the Board. Date of Birth 29/1/1972; Education; BBA Finance Profession: Certified Public Accountant of Kenya. Accountant for more than 25 years.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

	Details of qualifications and experience
1. Ibrahim Adan 	Chief Officer for Health Services Date of Birth 16/5/1986; University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management. Head of Finance in NGO/ Government of Kenya for more than 15 Years.
2. Dr. Nelson Mwangi Muriu 	Director Health Services Date of Birth 3/4/1980; University Education; MBChb – Masters in Epidemiology. Worked with the Government of Kenya for more than 15 Years.
3. Moses Gachanja Githinji 	Fund Administrator Date of Birth 29/1/1972; University Education; BBA Finance and Certified Public Accountant of Kenya. Accountant in Government of Kenya for more than 20 years.
4. Alice Nyawira Ndungu 	Fund Accountant Date of Birth 20/5/1982; University Education; Bachelor of Commerce Accounting Option Certified Public Accountant -CPA (K) Work Experience; 16 years working experience as an Accountant and as a Credit Analyst.
<i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i>	

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Board/Fund Chairperson's Report

Health financing is a key investment area in the health system that enables progress towards achievement of Universal Health Coverage. To achieve this, Nyeri County Government through the County Assembly enacted the Nyeri Health Services Fund Act in 2021 to ensure sustainable financing of health services in county health facilities. The objective of the Fund is to ensure facilities have better access to financial resources making them more responsive to medical and public health emergencies.

• ***Changes in the Fund during the year (in terms of the board or key management team)***

During the year Amb. Josephine Wangari Gaita was appointed by the Governor and approved by the County Assembly as per Sec 6(1) a of the Act as a new Chairperson to replace Mr Anthony Maina Mithanga who still remains as a board member by virtue of being Chairperson of Level 5 as per sec 6(1)(f). Mr Peter Kiama and Mr Joseph Karueru chairpersons of Mukurweini Hospital and Mt Kenya Hospital respectively were appointed as representatives of Level 4 hospital in the board on rotational basis replacing Dr Francis Kimani and Robinson Ndegwa as per sec 6(4) of the Act. Maryann Njoki Gikunju was nominated as representative of Level 2 and 3 on rotational basis replacing Jesse Armstrong Kamau as stipulated under sec 6 (4) of the act. In the first meeting of the new board Mr Peter Kiama Maina was appointed the new Vice/Chair person as per Nyeri County Health Services Fund Regulations section 6(1).

• ***Review of the Fund's performance***

The Health Services Fund revenue annual target was Kshs. 836 Million for Hospitals and rural health facilities.

By 30th June 2025, the fund was able to raise Ksh. 769 Million translating to 92% of the targeted performance. We were unable to hit the set target because of unpaid insurance claims totaling to Kshs 454.9 broken down as follows; NHIF-Kshs 230.6 million, SHA-Kshs 218.4 million, Britam-Kshs 2.5 million and Minet-Kshs 3.4 Million. Though we were not able to achieve our annual target we were able to increase our actual revenue collected by Kshs 21 million compared to the last year actual revenue collected of Kshs 748 million.

• ***Future outlook of the Fund***

Since its inception, the Fund has demonstrated significant financial growth. It collected Ksh. 342 million in FY 2021/22, Ksh. 473 million in FY 2022/23, Ksh. 748 million in FY 2023/24 and Kshs 769 this year with this growth trajectory, it is projected that the Fund will surpass Ksh. 1.5 billion in collections in FY 2025/26, further solidifying its role in ensuring sustainable healthcare financing within Nyeri County.

The Health Services Board developed a 3 year Strategic Plan which defines the strategic direction for the Nyeri County Health Services Fund Board and establishes realistic strategies and objectives that are in line with the Fund's overall goal of strengthening health financing towards realization of Universal Health Coverage (UHC). It will act as a guiding document that

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

outlines strategic goals, objectives and directions in other county planning frameworks aimed at improving health financing such as the Nyeri County UHC Financing Strategy 2023 – 2027.

The plan builds on the lessons and progress made since the inception of the Fund in 2021 and aims to accelerate the transition towards a sustainable health financing model for Nyeri County. These will be achieved through the delivery of four (4) objectives: (a) Improving the quality of health care services. (b) Ensuring facilities have better access to financial resources. (c) Ensure health facilities are more responsive to medical and public health emergencies; and (d) Ensuring an amount totaling to not less than twenty percent of the monies are set aside for disbursement and are equitably allocated to primary health services.

- **Any other matters deemed necessary**

The Nyeri County Health Services Fund provides for the retention of user fees by health facilities that are authorized to collect funds. A proportion of the funds is disbursed to primary care facilities to support services in dispensaries, health centres and our referral system in the County. Health Services Fund was to supplement the Health Department budget for provision of better health services. The Health Services Fund is the way to go in the provision of Health Services in the County and the Country at large. The turnaround time has been reduced in the provision of Health Services in the County Health Facilities.

- **Conclusion**

It is my pleasure to present, on behalf of the board, the Nyeri County Health Services Fund financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the fund over the past year.

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and the board for their continued support which made us achieve these results.

I look forward to your continued support in the year 2025/2026.

Name.. Amb. Josephine Gaita Signature.. [Signature] Date.. 3/10/2025
Chairperson of the Board/Fund

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of The Fund Administrator

The Nyeri County Health Services Fund Act and its regulations were enacted in 2021, following a collaborative effort spearheaded by the county departments of Health Services and Finance, Economic Planning & Budgeting. In August 2021, H.E. The Governor officially inaugurated the Fund Board, marking the beginning of its operations.

The primary objectives of the Nyeri County Health Services Fund Board, as outlined in the Nyeri County Health Services Fund Act, 2021, are to:

- a) Improve the quality of health care services.
- b) Ensure facilities have better access to financial resources.
- c) Ensure health facilities are more responsive to medical and public health emergencies.
- d) Ensure an amount totaling to not less than twenty percent of the monies are set aside for disbursement and are equitably allocated to primary health services.

These objectives will be achieved through the following key actions:

- a) overseeing the administration of funds drawn from the Health Services Fund;
- b) mobilizing additional resources to support the Fund's activities;
- c) providing guidance to the Hospital Management Boards o;;
- d) proposals for new user fees or adjustments to existing fee structures;
- e) approval of expenditure plans for primary health services; and
- f) reviewing and adopting reports received from the Hospital Management Boards for consideration and implementation.

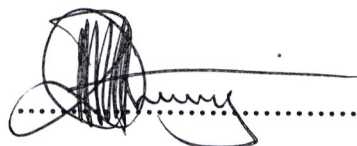
During the year the second board was appointed following the expiry of the term of the first board in September 2024 and it was inducted in June 2025 and handing over was done in July 2025.

The Health Services Fund set a target of Kshs.836 Million to Hospitals and facilities for revenue collection.

By 30th June 2025, the Fund was able to raise kshs. 769 Million translating to 92% of the targeted collection.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

HOSPITALS AND RURAL FACILITIES ACTUAL REVENUE COLLECTION					
FY 2024/2025					
FACILITY NAME	Q1	Q2	Q3	Q4	TOTALS
Nyeri CRH	57,250,106	58,583,552	109,951,262	120,130,062	345,914,983
Karatina	28,958,485	44,859,539	40,555,762	41,152,677	155,526,463
Mukurweini	16,681,739	24,923,917	21,362,471.15	33,322,529	96,290,657
Othaya	10,732,565	14,428,369	7,554,462	10,100,131	42,815,527
Mt. Kenya	5,426,784	7,306,203	1,442,820	9,073,423	23,249,230
Naromoru	6,351,483	7,990,981	8,388,194	16,830,554	39,561,213
Ihururu	3,240,180	3,288,028	1,884,359	11,161,084	19,573,651
Level 2 & 3 (Others)	4,502,410	4,835,477	5,833,928	31,098,337	46,270,152
TOTALS	133,143,752	166,216,066	196,973,258.40	272,868,799	769,201,876



Name: MOSES GITHINJI

Fund Administrator

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

7. Statement of Performance Against the Nyeri County Health Services Fund's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The Nyeri County Health Services Fund Board 2024-2027 strategic plan represents a significant milestone in our commitment to ensuring sustainable financing for quality healthcare to Nyeri citizens. This Strategic Plan outlines the Health Services Fund's strategic direction, intervention areas, implementation arrangements, monitoring and evaluation framework and the resource requirements for the Strategic Plan 2024-2027.

This plan has been developed in alignment with the Fifth Generation Strategic Planning Guidelines (2023-2027) issued by the National Treasury and Economic Planning and the Public Service Commission's Performance Management Regulations 2021, which mandate all public bodies to formulate and implement strategic plans. It also considers both the internal and external environments in which the Fund operates, forming the foundation for identifying strategic issues and priorities that will drive its success.

This Strategic Plan will:

- a) Provide strategic direction for the Fund for the period 2024 – 2027;
- b) Establish the foundation for defining the Fund's mission, vision, core values, and strategic objectives;
- c) Outline the key strategies and approaches for achieving the Fund's health financing and service delivery goals;
- d) Offer a framework for resource mobilization, financial accountability, and sustainability;
- e) Guide the prioritization and allocation of resources to enhance health service delivery across the county; and
- f) Define performance measurement and evaluation mechanisms to track progress and ensure continuous improvement.

By implementing this Strategic Plan, the Nyeri County Health Services Fund Board will reinforce its role in strengthening healthcare financing, improving health facility operations, and ensuring equitable and quality healthcare services for all residents of Nyeri County.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Progress on attainment of Strategic development objectives

The Nyeri County Health Services Fund Board identified strategic goals which are the desired outcomes that it seeks to address the strategic issues identified. The following strategic goals have been identified arising from the strategic issues :

- a) Attain financial sustainability
- b) Improve the quality of health services
- c) Enhance institutional capacity

The strategic framework for the 2024 – 2027 Plan is aligned to its mandate and functions. The framework outlines four KRAs to focus on in the next 3 years. The KRAs are:

- a) Resource Mobilization and Utilization
- b) Health Systems Strengthening
- c) Leadership, Governance and General Administration

Strategic Issue	Goal	KRAs
Financial sustainability in the County Health Sector	Attain financial sustainability	KRA1: Resource mobilization and utilization
Health services delivery	Improve the quality of health services	KRA2: Health Systems Strengthening
Institutional capacity strengthening	Enhance institutional capacity	KRA3: Leadership, Governance and General Administration

Strategic objectives have been formulated in order to address the Key Result Areas. The table below provides the strategic objectives for each of the KRAs, expected outcomes, outcome indicators and the projections over the three year plan period.

KRA1: Resource Mobilization and Utilization					
Strategic Objective	Outcome	Outcome Indicator	Projections		
			Year 1	Year 2	Year 3
SO1.1: To increase financial resources for the Fund	Increased financial resources for the Fund	% increase in revenue collected	12	12	12
		% increase in county health budget allocation	1	1	1
		Amount mobilized from partners (in Ksh Millions)	0	6	11
SO1.2: To improve efficiency in utilization of financial resources	Improved efficiency in utilization of financial resources	No. of process and system audits in hospitals	7	7	7
	Reduction in hospital overhead costs	% reduction in hospital overhead costs	2	2	2
	Increased allocation to priority areas or essential services	% increase in budgetary allocation to essential services	2	2	2

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

KRA2: Health Systems Strengthening					
SO2.1: To ensure uninterrupted supply of quality health products and technologies	Increased availability of health commodities	% stock fill-rate	65	75	80
SO2.3: To enhance infrastructure in health facilities	Reduced congestion	% bed occupancy in County Referral hospitals	<100	<100	<100
	Increased access to specialized medical services	% increase in specialized healthcare	15	15	15
KRA3: Leadership, Governance & General Administration					
SO3.1: To strengthen health leadership and governance	Good governance and leadership	Client satisfaction index (%)	82	84	88
		Level of compliance with governance requirements (%)	100	100	100
		Level of implementation of policy and regulatory frameworks (%)	100	100	100
To promote efficiency and effectiveness in operations of the Fund	Increased operational efficiency	% of insurance claims reimbursed	90	100	100
	Increased Public accountability	Level of compliance with relevant laws	Unqualified auditors' opinion	Unqualified auditors' opinion	Unqualified auditors' opinion
		Level of implementation of Audit recommendations (%)	100	100	100

In order to achieve the strategic objectives identified the following strategies were formulated:

KRA	Strategic Objective(s)	Strategies
KRA1: Resource Mobilization and Utilization	Objective 1: To increase financial resources for the Fund	S1.1: Enhance resource allocation S1.2: Enhance resource mobilization
	Objective 2: To improve efficiency in utilization of financial resources	S2.1: Prudent utilization of financial resources
KRA2: Health Systems Strengthening	Objective 3: To ensure uninterrupted supply of quality health products and technologies	S3.1: Promote efficient utilization and availability of health products and technologies
	Objective 4: To promote evidence-based decision making	S4.1: Strengthen county health information system
	Objective 5: To enhance infrastructure in health facilities	S5.1: Ensure availability of adequate health infrastructure
	Objective 6: To ensure health facilities have an adequate, competent and motivated health	S6.1: Capacity development of health workforce

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	workforce	
KRA3: Leadership, Governance, and General Administration	Objective 7: To strengthen health leadership and governance	S7.1: Enhance legal and policy framework
		S7.1: Capacity development for health leadership and governance
		S7.2: Enhance Brand awareness
		S7.3: Build and sustain stakeholder partnerships and collaborations
	Objective 8: To promote efficiency and effectiveness in operations of the Fund	S8.1: Strengthen internal controls and processes S8.2 :Strengthen office administration

To operationalize the strategic plan the board came up with implementation plan, coordination framework and risk management framework. The implementation plan consists of the action plan, annual work plan & budgeting and performance contracting. The coordination framework provides the institutional framework to support implementation, leadership responsible for execution of required effective and efficient implementation of the strategic plan.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

8. Corporate Governance Statement

- *The number of Board meetings held and the attendance to those meetings by member*

The Board had five meetings in the Year, with a minimum of 5 members in attendance.

- *Succession plan,*

The Tenure of the Board expires after lapse of three years. This year marks the end of the three years and the Act and regulations clearly gives the guidance on replacing the retiring independent board members. The management is not affected by the tenure of Office of Members appointed to the Board.

- *Existence of a board charter,*

The Board does not have a Charter.

- *The process of appointment and removal of Board members,*

A member shall vacate his/her position as a member of the Fund Board if he/she;

- a) is absent from three (3) consecutive meetings of the Board without written apology;
- b) violates Chapter 6 of the Constitution;
- c) voluntarily resigns from Board;
- d) dies; or

Is so incapacitated by prolonged physical or mental illness as to be unable to attend and discharge his /her duties.

- *Functions of the Board*

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on-
 - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (ii) approval of primary health services expenditure plans

Receive reports from the Hospital management boards for its consideration and adoption.

- *Induction and training,*

The Board members were trained on Strategic Plan formulation and development. Also the new baord members were inducted.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

- Board and member performance.

The Board performance is good on average at 99%.

- Conflict of interest.

No conflict of Interest has been noted in the management and running of the Fund Board.

- Board remuneration.

The Board Members remuneration is on sitting allowance only.

- *Ethics and conduct as well as Governance audit.*

The members conform to Chapter 6 of the Constitution on Ethics and Integrity.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

TThe Health Services Fund is managed by a Board of Management as per, ‘The Nyeri County Health Services Fund Act, 2021’.The Board of Management has both Executive and Non-Executive Members. The Executive members comprise Members from the Private Sector and the Executive are members of the Board in the Public Service. The Fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

BUSINESS PERFORMANCE

Revenue

The fund collected Kshs 769 million and Kshs 767.2 million was transferred to operations account in Coop bank through a monthly Standing Order and a balance of Kshs 1.8million in Collection account KCB bank.The fund was also able to transfer Kshs 727 million to all Health facilities and a balance of kshs 40.2 million which will be transferred to health facilities in the first quarter of the FY 25/26. During the year Hospital were unable to meet their target due to unpaid claims totaling to Kshs 455 million as tabulated below;

HOSPITALS AND RURAL HEALTH FACILITIES ACTUAL REVENUE COLLECTION AND UNPAID CLAIMS AS AT 30TH JUNE 2025				
	Annual Target	REVENUE COLLECTED	UNPAID CLAIMS	TOTAL REVENUE
Nyeri CRH	386,228,943.00	345,914,982.55	250,072,472.00	595,987,454.55
Karatina	181,696,812.00	155,526,462.55	64,586,377.45	220,112,840.00
Mukurweini	106,785,950.00	96,290,656.95	50,302,090.05	146,592,747.00
Othaya	53,692,986.00	42,815,527.30	18,468,159.00	61,283,686.30
Mt. Kenya	32,504,491.00	23,249,230.35	33,914,628.00	57,163,858.35
Naromoru	53,692,986.00	39,561,213.00	5,042,279.00	44,603,492.00
Ihururu	9,692,959.00	19,573,651.10	3,524,404.00	23,098,055.10
Level 2 & 3 (Others)	12,000,000.00	46,270,152.25	29,560,923.00	75,831,075.25
TOTALS	836,295,127.00	769,201,876.05	455,471,332.50	1,224,673,208.55

As shown above the total unpaid claims of Kshs 455million is further broken down as follows;SHA Kshs 218 million,NHIF Kshs230 million,Britam Kshs2.4 million and Minet Kshs 3.4 million.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3% ADMINISTRATION EXPENSES TARGET AND ACTUAL					
Hospital	Annual Target	Actual Collection	3% Target	3% Actual	Difference
CRH	386,228,943.00	345,914,982.55	11,586,868.29	10,377,449.48	(1,209,418.81)
Karatina	181,696,812.00	155,526,462.55	5,450,904.36	4,665,793.88	(785,110.48)
Mukurweini	106,785,950.00	96,290,656.95	3,203,578.50	2,888,719.71	(314,858.79)
Othaya	53,692,986.00	42,815,527.30	1,610,789.58	1,284,465.82	(326,323.76)
Mt. Kenya	32,504,491.00	23,249,230.35	975,134.73	697,476.91	(277,657.82)
Naromoru Hospital	53,692,986.00	39,561,213.00	1,610,789.58	1,186,836.39	(423,953.19)
Ihururu Rehab Centre	9,692,959.00	19,573,651.10	290,788.77	587,209.53	296,420.76
Total	824,295,127.00	722,931,723.80	24,728,853.81	21,687,951.71	-3,040,902.10

Cash Flow

The cash and cash equivalent decreased from Kshs 29 million as at 30th June 2024 to Kshs 8 million as at 30th June 2025 and this is due to a lot of activities undertaken during the year.

OPERATIONAL PERFORMANCE

The Fund’s core operating activity is to ensure County Health facilities have access to financial resources so as to improve healthcare services for the citizens.

During the financial year the fund disbursed Kshs 727 million to health facilities as shown below:

HEALTH FACILITY	AMOUNT
Nyeri County Referral Hospital	268,989,372.76
Karatina Hospital	120,949,634.62
Mukurweini Hospital	73,307,721.75
Othaya Hospital	36,640,227.25
Mt Kenya Hospital	26,010,574.05
Naromoru Hospital	31,505,944.02
Ihururu Hospital	14,576,838.89
Rural Health Facilities Level 2 and 3 HSF 20%	97,942,076.22

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Rural Health Facilities L2&3 Own Collections	26,227,846.10
KEMSA	31,643,075.00
TOTAL	727,793,310.66

Employees

Human Capital is a critical ingredient towards ensuring realization of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Conclusion

We appreciate the unrelenting support from the board, staff, the county government and all the key stakeholders. We look forward to continued partnerships and cooperation in areas of mutual interest in the FY2025/2026.

10. Environmental and Sustainability Reporting

Nyeri County Health Services Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Health and Economic pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of the Health Fund Board.

The Health Fund Board submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs as at 30th June, 2025.

Principal activities

The principal activities of the Fund are:

The Fund Board shall-

- (d) provide oversight of the administration of the moneys drawn from the Fund;
- (e) mobilize resources for the Fund;
- (f) provide guidance to the Hospital management boards on-
 - (iii) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (iv) approval of primary health services expenditure plans
- (g) Receive reports from the Hospital management boards for its consideration and adoption.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1.

Health Fund Board

The members of the Board who served during the year are shown on page vi and vii. The changes in the Board during the financial year are as shown on page ix.

Auditors

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

By Order of the Board


.....

Chair of the Board/Fund Administration Committee

Date: 3/11/2025

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nyeri County Health Services Fund Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

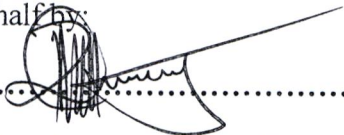
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Nyeri County Health Services Fund Act, 2021*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund’s financial statements were approved by the Board on 8th August 2025 and signed on its behalf by:

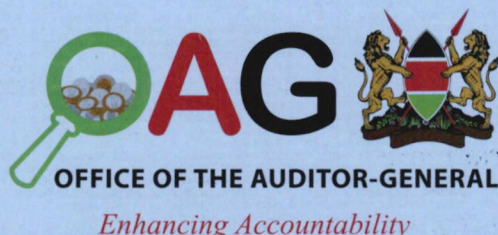

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Administrator of the County Public Fund

3/10/2025

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY HEALTH SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that, 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

Opinion

I have audited the accompanying financial statements of Nyeri County Health Services Fund set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2025 and the statement of Financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nyeri County Health Services Fund 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 Nyeri County Health Fund Act, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nyeri County Health Services Fund 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.

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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on page i to xxv which comprise of Key Entity Information and Management, The Fund Administration Committee, Key Management Team, Chairman's Statement, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and

Sustainability Reporting, Report of the Trustees and the Statement of Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 and I am required to report that fact.

Based on the audit procedures performed, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matter 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

Non-compliance with the Required Funds Transfer Provisions

The statement of the financial performance reflects a balance of Kshs.727,793,310 being transfer to health facilities. However, the computation of the transfers was not explained. This is contrary to Section 5 of the Nyeri County Health Services Fund Regulations, 2021 which states that the following guidelines shall be observed in the operationalization of the fund (b) 3% of the money in the fund shall be utilized for the administration of the fund while the remaining amount shall be utilized at the facility and 20% shall be utilized at the county level targeting rural health facilities, preventive health services that include support to community ambulance and supportive supervision.

In addition, no evidence was provided to confirm whether the remaining 20% balance of revenue was transferred for County-level utilization, specifically for rural health facilities and preventive health services, including support for community ambulance services and supervisory support.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and Trustees

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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Trustees are responsible for overseeing the Fund'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 for 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 IFPP 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

8 October, 2025

Nyeri County Health Services Fund

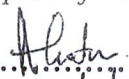
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Receipts from Health Facilities	6	769,201,876	748,542,722
Revenue Transferred to Operations Account from Revenue Account	7	-	750,590,129
Other Incomes/Receipts	8	1,189,356	343,326
		770,391,232	1,499,476,177
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
Total Revenue		770,391,232	1,499,476,177
Expenses			
Employee Costs	11		-
Use Goods and Services	12	33,758,146	17,958,263
Revenue Transferred from Revenue A/C to Operations A/C	13		750,590,129
Transfers to Health Facilities	14	727,793,310	701,812,011
Total Expenses		761,551,456	1,470,360,403
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		8,839,776	29,115,774

The notes set out on pages 19 to 38 form an integral part of these Financial Statements


 Name: Naser G. Githinji
 Administrator of the Fund
 ICPAK No. 11366


 Name: Alice Ndungu
 Fund Accountant
 ICPAK Member Number: 34434

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025 Kshs	2023-2024 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	105,229,148	96,389,372
Current Portion of Long- Term Receivables from Exchange Transactions	18	-	-
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		105,229,148	96,389,372
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		-	-
Total Assets (A)		105,229,148	96,389,372
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	2024-2025 Kshs	2023-2024 Kshs
Total Liabilities (B)		-	--
Net Assets (A-B)		105,229,148	96,389,372
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		105,229,148	96,389,372
Net Assets		105,229,148	96,389,372

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5/8/ 2025 and signed by:



Name: Moses G. Githinji
 Administrator of the Fund
 ICPAK No. 11366



Name: Alice Ndung'u
 Fund Accountant
 ICPAK Member Number: 34434

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	67,273,598	67,273,598
Surplus/(Deficit) For the Period	-	-	29,115,774	29,115,774
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	96,389,372	96,389,372
Balance As At 1 July 2024	-	-	96,389,372	96,389,372
Surplus/(Deficit) For the Period		-	8,839,776	8,839,776
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	105,229,148	105,229,148

(Provide details on the nature and purpose of reserves)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	2024-2025 Kshs	2023-2024 Kshs
Cash flows from operating activities			
Receipts			
Receipts from Health Facilities	6	769,201,876	748,542,722
Revenue Transferred to Operations Account from Revenue Account	7	-	750,590,129
Other Incomes/Receipts	8	1,189,356	343,326
Receipts from other operating activities		-	-
Total receipts		770,391,232	1,466,476,177
Payments			
Fund administration expenses	12	33,758,146	17,958,263
General expenses		-	-
Revenue Transferred from Revenue A/C to Operations A/C	13		750,590,129
Transfers to Health Facilities	14	727,793,310	701,812,011
Total payments		761,551,456	1,470,360,403
Net cash flows from operating activities	30	8,839,776	29,115,774
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		8,839,776	29,115,774
Cash and cash equivalents at 1 July	17	96,389,372	67,273,598
Cash and cash equivalents at 30 June	17	105,229,148	96,389,372

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% Utilization
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	14,869,560	-	14,869,560	-	14,869,560	-
Receipts						
Receipts from a Health Facilities	836,295,127	-	836,295,127	769,201,876	43,325,474	92%
Transfers From County Govt.						
Interest Income	-	-	-	-	-	-
Other Income/Receipts	-	-	-	1,189,356	-1,189,356	-
Total Income	851,164,687	-	851,164,687	770,391,232	- 57,005,678	93%
Expenses						
Fund Administration Expenses	38,345,380	-	38,345,380	33,758,146	4,587,234	88%
Transfers	789,051,530	-	789,051,530	727,793,310	61,258,220	92%
Total Expenditure	827,396,910	-	827,396,910	761,551,456	65,845,454	92%
Capital expenditure	-	-	-	-	-	-
Surplus For the Period	-	-	-	8,839,776	-	-

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget notes

1. *The Health facilities did not achieve the revenue collection target by 8 % and this was due to delayed NHIF and SHA reimbursements.*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

Budget Reconciliation

	Actual Surplus Amounts as per the statement of Budget	8,839,776
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	8,839,776

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nyeri County Health Services Fund was established by and derives its authority and accountability from the Nyeri County Health Services Fund Act, 2021. The entity is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The entity’s principal activity is to receive and distribute Funds to the Health Facilities (Hospitals and Levels 2&3).

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

(i) New and amended standards and interpretations in issue but not yet 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: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current	Applicable 1st January 2025 The Standard requires,

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS. - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i>

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: - Limited improvements to existing accounting practices for exploration and evaluation expenditures. - 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. - Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

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 each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

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 2025 was approved by the County Assembly on June 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.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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 cash flows has been presented.

c) 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.

a) 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.

b) 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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* 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.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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 of 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 of cost and 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.

e) 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.

f) Social Benefits

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

g) 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.

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.

h) Nature and purpose of reserves

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

i) 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.

j) 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) Related parties

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

n) 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.

o) Comparative figures

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

Summary of Significant Accounting Policies (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.

State all judgements, estimates and assumptions made e.g.

a) 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.

b) Useful lives and residual values

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

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

c) Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Notes To the Financial Statements Continued

6. Receipts From Health Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Receipts from Health Facilities	769,201,876	748,506,743
	-	-
Total	769,201,876	748,506,743

(Provide brief explanation for this revenue)

7. Revenue Transferred to Operation Account from Revenue Account

Description	2024-2025	2023-2024
	Kshs	Kshs
Revenue transferred to Coop A/c from KCB A/c	-	750,590,129
Total	-	750,590,129

8. Other Income/ Receipts

Description	2024-2025	2023-2024
	Kshs	Kshs
Other Income/Receipts	1,189,356	343,326
Total Other Income	1,189,356	343,326

9. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

(Provide brief explanation for this revenue)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

10. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
	-	-
Total Other Income	-	-

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Telephone, Telex, Facsimile	351,000	
Internet connections	78,000	
Domestic travel cost	909,642	
Accommodation - Domestic Travel	1,495,200	
Daily Subsistence Allowance	8,723,800	604,350
Publishing and Printing Services	29,920	444,720
Subscriptions to Newspapers, Magazines and Periodicals	67,400	593,104
Advertising, Awareness and Publicity Campaigns	25,000	
Training Expenses	10,211,422	10,721,000
Catering Services	532,820	80,697
Boards, Committees, Conferences	8,504,300	3,387,797
Board /committee allowance		1,251,200
General Office Supplies	181,789	50,000
Supplies and Accessories for Computers and Printers	407,450	
Sanitary and Cleaning materials	20,000	
Refined Fuels and Lubricants	1,250,021	

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance Expenses - MV	317,627	
Maintenance of Buildings	99,450	
Maintenance of computers soft ware	86,950	
Purchase of Household and Inst	10,000	
Purchase of furniture and fittings	11,000	39,310
Purchase of Computers, Printers	445,355	736,085
Total	33,758,146	17,958,263

13. Revenue Transfer From Revenue Account to Operations Account

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfer from KCB to COOP bank	-	750,590,129
	-	-
Total	-	750,590,129

14. Transfer to Health Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfer to Hospital, Health Centres & Dispensaries	727,793,310	701,812,011
		-
Total	727,793,310	701,812,011

15. Gain/(loss) on disposal of assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Total Gain	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Cash and cash equivalents

	2024-2025	2023-2024
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits -KCB	1,821,484	118,835
Current Account-COOP	103,407,664	96,270,537
Others (<i>Specify</i>)		
Total Cash And Cash Equivalents	105,229,148	96,389,372

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024-2025 Kshs	2023-2024 Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		1,821,484	118,835
Equity Bank - Etc.			
Sub- Total		1,821,484	118,835
c) Current Account			
Kenya Commercial Bank		103,407,664	96,270,537
Bank B			
Sub- Total		105,229,148	96,270,537
d) Others(Specify)			
Cash In Transit			
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		105,229,148	96,270,537

18. Receivables from exchange transactions

Description	2024-2025 Kshs	2023-2024 Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Additional disclosure on interest receivable

Description	2024-2025 Kshs	2023-2024 Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

19. Prepayments

Description	2024-2025 Kshs	2023-2024 Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments <i>(Specify)</i>		
Total	-	-

20. Inventories

Description	2024-2025 Kshs	2023-2024 Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)		
Total Inventories	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year		
Others specify	-	-
Closing balance	-	-

21. Investments in financial assets

Description	2024-2025 Kshs	2023-2024 Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

mpairment allowance/ provision	2024-2025 Kshs	2023-2024 Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Shareholding in other entities	No of shares	Nominal	Fair value
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Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	Percent owned by shareholders	Percent owned by shareholders	Effective date of shareholding	Value of shares	Value of shares	Value of shares
					2024- 2025	2023- 2024
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fixtures	Computers and office equipment	Other
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (Previous FY)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June (Previous FY)	-	-	-	-	-	-
At 1st July (Current FY)						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-	-
Depreciation And Impairment						
At 1st July (Previous FY)	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30th June (Previous FY)	-	-	-	-	-	-
At 1st July (Current FY)						
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-	-
Net Book Values						
At 30th June (Previous FY)	-	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

23. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

25. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2024-2025	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

27. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From ‘X Organization’	-	-
Sterling Pound Denominated Loan From ‘Y Organization’	-	-
Euro Denominated Loan from Z Organization’	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

28. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	2024-2025 Kshs	2023-2024 Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

30. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	8,839,776	29,115,774
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	8,839,776	29,115,774

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

31. Related party balances
a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	2024-2025 Kshs	2023-2024 Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2024-2025 Kshs	2023-2024 Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2024-2025 Kshs	2023-2024 Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Other Disclosures Continued

e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

33. Financial risk management

The Fund’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund’s overall risk management programme focuses on 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 Fund 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 Fund’s financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counter party 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 entity’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 Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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 Kshs	Between 1- 3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

Foreign currency sensitivity analysis

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Change in	Effect on surplus/	Effect on
	currency rate	deficit	equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (2025Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2025– Kshs).

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

d) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

34. Events after the reporting period

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

35. Ultimate and Holding Entity

he entity is a County Public Fund established by Nyeri County Health Services Fund Act under the Department of Health Services. Its ultimate parent is the County Government of Nyeri.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Non-compliance with the required funds transfer provision. The statement of the financial performance reflects a balance of Kshs.701, 812,011 as transfers to the health facilities. However, the computation of the transfers was not explained. This is contrary to Section 5 of the Nyeri County Health Services Fund Regulations, 2021 states that the following guidelines shall be observed in the operationalization of the fund –(b) 3% of the money in the fund shall be utilized for the administration of the fund while the remaining amount shall be utilized as follows-(i) 80% shall be sent back to the Collection Facilities to be utilized at the	The management provided the computations as per the Fund regulations The management had a hearing held on 29th July 2025 with County Public Accounts Committee seeking more information regarding Audit queries raised in the reports of the Auditor General for the years ended 30th June 2024. The management provided all the documents and information requested by the committee and the Auditor . The Management is waiting the feedback from the Assembly Select Committee. .	In progress	September 2025

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

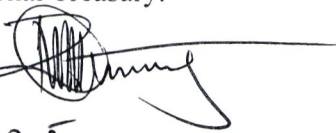
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	facility (ii) 20% shall be Report of the Auditor-General on County Government of Nyeri-Nyeri County Health Services Fund for the year ended 30 June, 2024 4 utilized at the County Level Targeting rural health facilities, preventive health services that include; support to community ambulance and supportive supervision. In addition, no evidence was provided to confirm whether the remaining 20% balance of revenue was transferred for county-level utilization, specifically for rural health facilities and preventive health services, including support for community ambulance services and supervisory support			

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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 final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator 

Date 3/10/2025

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Inter-Fund Confirmation Letter

[NA]

[N/A]

[NA]

The [N/A] wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments