

REPUBLIC OF KENYA



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REPORT

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OF KENYA  
LIBRARY

OF

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THE AUDITOR-GENERAL

ON

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MATHARE NORTH LEVEL 4 HOSPITAL

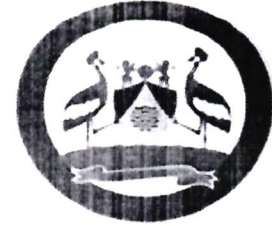
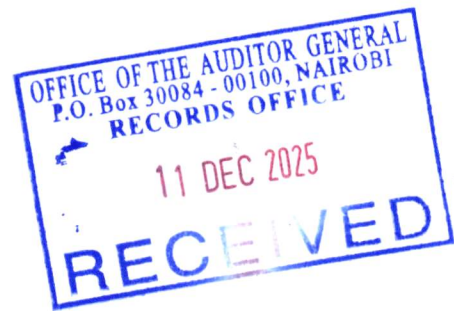
FOR THE YEAR ENDED

30 JUNE, 2025

NAIROBI CITY COUNTY GOVERNMENT

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**MATHARE NORTH LEVEL 4 HOSPITAL**  
**(Nairobi City County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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*This document was prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)*

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*N/A Hospital (N/A County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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**1. Acronyms & Glossary of Terms**

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

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

**2. Key Entity Information and Management**

**(a) Background information**

Mathare North Hospital is a level (4) hospital established under gazette notice number N/A and is domiciled in Nairobi County under the Health Department. The hospital is governed by health facility management committee.

**(b) Principal Activities**

VISION

To be a leader in the provision of sustainable, acceptable, affordable and accessible healthcare to all the residents of Nairobi.

MISSION

To provide quality, curative, preventive, promotive and rehabilitative healthcare to all the residents of Nairobi.

CORE OBJECTIVES

- 1.To reduce morbidity & mortality rates in Nairobi.
- 2.To provide accurate & appropriate health information.
- 3.To reduce spread of communicable and non-communicable diseases
4. Improve community awareness on healthcare.
- 5.Provide access to quality health services.

**(c) Key Management**

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

- County department of health
- Sub County Health Management Team
- Health Facility Management Committee
- Accounting Officer/ Medical Superintendent
- Hospital Health Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Scolastica Wambui Sheundah</b>
2.	Nursing manager	<b>Elizabeth Chege</b>
3.	Administration	<b>Solomon Kinyanjui</b>

**(e) Fiduciary Oversight Arrangements**

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

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

**(f) Nairobi City County Government**

City Hall Way  
P.O. Box 30108, Nairobi KENYA

**(g) Mathare North Hospital**

Telephone: (+254) 0726230143  
E-mail: matharenorthhealthcentre@gmail.com

**(h) Entity Bankers**

- **Co-operative Bank of Kenya**  
**Mathare North Health centre**  
**01141132190700, Ukulima Br.**

- **Co-operative Bank of Kenya**  
**Mathare North Hospital**  
**01101614620001 City Hall Br.**

**(i) Independent Auditors**

Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

Nairobi City County  
City Hall Way  
P.O. Box 30075-00100, Nairobi KENYA

3. The Board of Management

Ref	Directors	Details
1.	Director 1 <i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i>	Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Director 2	
3.	Director 3	
4.	Director 4/Alternate	
5.	MED SUP	
6.	Entity Secretary	Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

**4. Key Management Team**

	Details
1.	Scolastica Wambui Sheundah Medical Superintendent
2.	Elizabeth Chege Nursing Officer In-charge
3.	Solomon Kinyanjui Administrator

*(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)*

The Hospital did not have a Board of management during the year under review, however it was governed by the Facility management committee. The Hospital management is following up with the appointing authority, for appointment of the Board of Management.

**5. Chairman's Statement**

The facility is awaiting the appointment of the Board.

Currently the facility has a Facility committee, comprising of;

1. Alice Kihara-Chairperson
2. Enock Orina Orwoba-Treasurer
3. Ruth Andia Kihaki-Member
4. Elijah Okuto-Member
5. Mendeni Ndinda-Member
6. Scolastika Wambui S- Secretary (Med. Sup)
7. Solomon Kinyanjui-Administrator
8. Meshack Omiti-Ward Admin
9. Oscar Lore - Mca

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

### **Introduction**

Mathare North Level 4 Hospital is one of the key public health facilities serving the residents of Mathare ward and its surrounding areas. The facility originally operated as a health dispensary in the year 1984, providing essential outpatient and preventive services to the local population. Over the decades, the hospital has progressively expanded from level 2-3 over the decades responding to the health needs of a rapidly expanding catchment population.

The upgrade to Level 4 in 2021 was a significant milestone, whereby, even the human resource capacity across all cadres has grown significantly, including specialized cadres. It has reflected not only infrastructural and service delivery improvements but also the recognition by Nairobi County Government and the Ministry of Health that the facility had developed, purposely to operate at this higher level.

This transformation also came at a critical time, as the demand for health services had sharply increased due to population growth, urbanization, and emerging health challenges both in the communicable and non-communicable diseases.

### **Catchment Population**

Mathare North Hospital caters for a catchment population of 39,592 individuals. This population is diverse, consisting of both urban and peri-urban communities, including low- and middle-income households. The hospital therefore plays a vital role in bridging the healthcare access gap for vulnerable populations who may face challenges accessing private or higher-level health institutions.

The catchment community depends heavily on the hospital for primary and secondary healthcare services, particularly in areas such as maternal & child health, preventive care, and outpatient consultations and currently maternity caesarean sections.

## **Services Offered**

Mathare North Hospital provides a wide range of essential health services. These include:

### *a) Maternity/ Theatre Services*

The hospital operates a fully functional maternity wing offering antenatal, delivery, and postnatal services. Trained healthcare providers, including doctors, nurses, and midwives, ensure highly skilled safe delivery and currently the facility has grown to offer caesarean sections for the complicated maternal cases. This service has significantly reduced maternal and neonatal mortality in the region.

### *b) Outpatient Services*

The outpatient department is one of the busy departments within the facility. It offers general medical consultations, minor emergency care, preventive services, and referrals to specialized facilities when necessary. The outpatient clinic remains the first point of contact for most patients and serves as an important entry point into the healthcare system.

### *c) Laboratory Services*

The hospital laboratory is a vital department that provides critical diagnostic services, enabling clinicians to accurately diagnose and treat patients. It's a unit that has progressively grown in all aspects to the extent of being recognised as a learning hub and recently been upgraded as a transfusion centre, to concurrently run with the maternity theatre.

## **Financial Resources**

Mathare North Hospital, has historically relied on reimbursements from the National Health Insurance Fund (NHIF -Linda Mama) and, more recently, from the Social Health Authority (SHA) and the Social Health Insurance Fund (SHIF). This report provides a summary of the payments received from these bodies, highlighting the financial flows before and after the reforms in health insurance system.

**N/A Hospital (N/A County Government)**

**Annual Report and Financial Statements for The Year Ended 31<sup>st</sup> June 2025**

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A summary of the financial resources received during the year under review is as follows:

- NHIF/SHA/SHIF- Total reimbursements for the year 2024-2025= **11,719,428.40**
- VIVA/TIKO (Transfers from other government entities) for the year 2024-2025 =**119,400**
- FIF-Year 2024-2025=**637,713**

**Challenges**

- Delayed Disbursements: Dependence on external payers (SHA, SHIF) exposes the hospital to risks of delayed or irregular remittances.
- Stretched resources due to high Service demand: Essential services (maternity, outpatient, inpatient, and lab) are stretched by the large catchment population.
- Staffing Shortages: Upgrading to a Level 4 hospital requires more specialists and support staff, but recruitment lags behind demand.

**Scolastica Wambui Sheundah**

**Medical Superintendent**



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

In compliance with Section 164 (2)(f) of the Public Finance Management Act, 2012, Mathare North Level 4 Hospital presents its performance statement against predetermined objectives for the financial year 2024/2025. The hospital's Strategic Plan (2023/24 – 2027/28) outlines **Five strategic pillars** that guide *planning, budgeting, and service delivery*. The annual work plan is developed from these pillars and performance is assessed on a quarterly basis. This report provides a narrative account of the hospital's achievements, challenges, and mitigation measures during the reporting period.

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### **Performance by Strategic Pillars**

#### *Elimination of Communicable Conditions*

The hospital intensified its efforts to reduce the burden of communicable diseases such as *Malaria, Tuberculosis (TB), and HIV/AIDS*. Immunization campaigns were strengthened through the **static** and **outreach** services and achieved 80 percent of the immunization coverage. Malaria conditions were highly recorded in the previous season in the outpatient department but has significantly reduced by 15 percent, mainly as a result of Public Health department taking good control measures in the community through vector control involvements and as well creating community awareness. The TB case management has been intensified and the active case finding had been lined up for more presumptive occurrences. The TB case detection rates improved by achieving at least 88 percent for the successful treatment. The HIV services had been improved through the timely counselling and testing then linked to care as recommended. Through the timely linkage there had been a seamless transitioning of patients who had been initiated on treatment without facing any difficulties.

#### *Halt and Reverse the Burden of Non-Communicable Conditions (NCDs)*

The Mathare North Hospital had not only continued to screen its vulnerable target population for NCDs but had also stepped up in issues and challenges that have been a hindrance to providing such services. That had been realized through mass NCD screenings by the support programs that had prioritized treatment initiation as a result to early detection. The screening services had been extensively expanded through the partner support initiatives anchoring on both in-reach and outreach activities, creating community awareness and providing for continuous medical education sessions within the community. Over 80 percent of the patients were screened for both hypertension and diabetes at the outpatient department, and

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several were initiated into treatment with a scheduled follow up. Under the reproductive health, Cancer screening awareness were considered key to early stages of cervical cancer detection and treatment. 90 percent of all the women of the reproductive age were being taken through the procedure by instilling in them the right knowledge and proper sensitization. The healthcare providers have had educative sessions with the patients on how to go about their life style ways of living through supporting them on diet, exercise and counselling therapies. As a result of all that the disease burden had reduced by at least 70 percent thereby, women of the reproductive age within the sub county had gained knowledge and confidence for such activities taking place within the health facility.

*Provision of Essential Health Services, Emergency and Referral Care*

There had been significant improvement in the referral and emergency response since the access of the essential health services had been greatly expanded. The maternity had its services delivered within the minimum expected turnaround time and the number of skilled deliveries had exponentially increased by 25 percent as the beds remained well utilized throughout. Such improvements, had made the target community to continue seeking the hospital maternity services since there had been an increased level of improved maternal and new-born care. The emergency responses were well enhanced within the time with the strengthened referral systems, reducing the average response time by 15 percent. The work force within the maternity department was as a result of teamwork, dedication and positive attitude.

*Reduction of the Burden of Violence and Injuries*

Mathare North Level 4 Hospital had always managed to reduce the burden of the violence and related injuries through creating and strengthening the community involving the social welfare department as the key linkage with the CHAs and CHPs on good behaviour change, creating awareness and providing for continuous health talks about the dangers and implications of the violence. The injury incidences from the road traffic accidents and domestic violence were being mitigated by the well-equipped emergency tray with proper emergency preparedness and trauma care.

*Strengthening Collaboration and Reducing Health Risk Factors*

The hospital remained committed to building strong partnerships and reducing health risks through community engagement. 10 community health outreaches were conducted in schools, churches, and community centres, providing immunization, HIV testing, cancer screening, and health talks. Collaborations with local NGOs and county health teams enhanced HIV care, maternal health, and public

health education programs. These partnerships reinforced the hospital's role as a key driver of health promotion and preventive.

### **Linkage to Performance Contracts**

Through the Nairobi City County support, Mathare North Level 4 Hospital achieved its Performance through the enhanced maternal and child health improvement, up-to date and compliant procurement procedures, health digitization and heightened disease surveillance. The steps made throughout the year had purposely indicated how the hospital had fulfilled the mandates of the Universal Health Coverage and had showcased in identifying its main objective.

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### **Conclusion**

The Hospital made substantial progress in meeting its predetermined objectives in FY 2024/2025. Significant gains were recorded in immunization coverage, communicable disease control, maternal health services, non-communicable disease screening, and community outreach. Although challenges such as limited staffing, constrained infrastructure funding, and inconsistent waste management practices persist, mitigation strategies are underway.

Overall, the hospital's performance demonstrates strong alignment with its strategic plan and the Universal Health Coverage agenda.

## **8. Corporate Governance Statement**

Provide the corporate governance statement as guided below:

- i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*
- ii. Roles and functions of the board*
- iii. Induction, training, and development*
- iv. Board and members' performance*
- v. Number of Board meetings held and the attendance to those meetings by members*
- vi. Succession plan*

- vii. *Policy to manage conflict of interest.*
- viii. *Board remuneration*
- ix. *Ethics and Conduct*
- x. *Governance audit*
- xi. *Communication policy*
- xii. *Terms of Reference of Committees*
- xiii. *Policy on related party transactions*

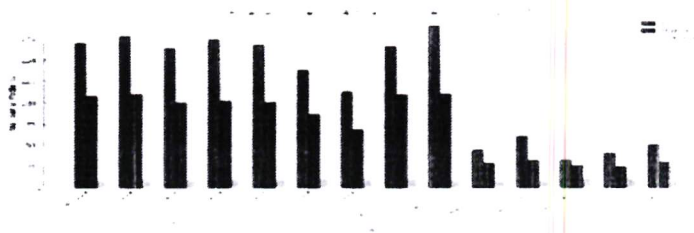
## 9. Management Discussion and Analysis

### Clinical/operational performance

#### 1. *Bed capacity of the hospital.*

Currently our bed capacity is at 26 in patient at our maternity ward.

#### 2. *Overall patient attendance during the year for both inpatient and outpatient.*



Here's the bar graph showing Female OPD attendance, Male OPD attendance, and Admissions for each month from June 2024 to July 2025.

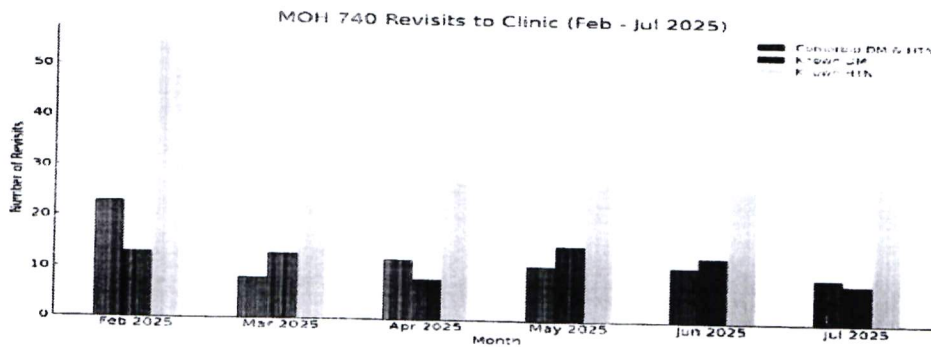
- **Purple bars** – Female OPD attendance
- **Blue bars** – Male OPD attendance
- **Orange bars** – Admissions

#### 3. *Accident and Emergency attendance*

**Accident and Emergency (A&E) attendance** refers to the total number of patients who visit the **Accident & Emergency department (also called Casualty or Emergency Unit)** of a hospital within a given period but we normally refer because we don't have the department at mean time.

4. *Specialised clinic attendance*

**Specialized Clinic Attendance** refers to the number of patients who visit hospital outpatient clinics that provide **specialized care** (beyond general outpatient services).



- **Purple bars** → MOH 74N/A Revisits (Comorbid DM & HTN)
- **Blue bars** → MOH 74N/A Revisits (Known DM)
- **Orange bars** → MOH 74N/A Revisits (Known HTN)

5. *Average length of stay for in patient.*

## Average Length of Stay

The **Average Length of Stay (ALOS)** for inpatients is a common hospital performance indicator.

It is calculated using the formula:

$$\text{Average Length of Stay (ALOS)} = \frac{\text{Total Inpatient Days}}{\text{Total Discharges (including deaths)}}$$

- **Total Inpatient Days** = sum of days all admitted patients spent in the hospital.
- **Total Discharges** = number of patients who left the hospital (alive or dead) during that period.

$$\frac{2268}{1134} = 2$$

## 6. Bed Occupancy Rate

The **Bed Occupancy Rate (BOR)** is a hospital indicator that shows how effectively available beds are being used.

**Formula:**

$$\text{Bed Occupancy Rate (BOR)} = \frac{\text{Total Inpatient Days}}{\text{Available Beds} \times \text{Number of Days in the Period}} \times 100$$

**Where:**

- **Total Inpatient Days** = sum of the number of days each admitted patient stayed in the hospital during the period.
- **Available Beds** = the total number of functional (staffed) beds in the hospital.
- **Number of Days in the Period** = length of time considered (e.g., 30 days for a month, 365 days for a year).

$$\frac{23 \times 30}{690} \times 100$$

$$= 1\%$$

## 7. Mortality rate

The **Mortality Rate** in a hospital context measures the proportion of patients who die while admitted, compared to all patients discharged.

**Formula (Hospital Mortality Rate):**

$$\text{Mortality Rate (\%)} = \frac{\text{Total Deaths (inpatients)}}{\text{Total Discharges (including deaths)}} \times 100$$

8. *Surgical theatre utilisation (number of operations over a period of time)*

**Surgical Theatre Utilization Rate** is an efficiency indicator showing how much of the available operating room (OR) time was actually used for surgeries.

**Formula**

$$\text{Theatre Utilization (\%)} = \frac{\text{Actual Time Used for Surgeries}}{\text{Total Available Theatre Time}} \times 100$$

**Where:**

- **Actual Time Used for Surgeries** = sum of all minutes/hours the operating room was occupied by patients (from patient in to patient out).
- **Total Available Theatre Time** = total scheduled time the theatre was available (e.g., 8 hours × number of theatre days).

Theatre utilisation is not applicable for financial year under review (2024-2025).

**Sponsorships and partnerships:**

For the year in question, that is 2024-2025, we have had Usaid supported partnerships but currently we have Ciheb

**Financial performance**

a. Revenue sources

Our revenue sources are mainly SHA/NHIF/SHIF and Viva Tiko funds

b. Utilisation of funds

*N/A Hospital (N/A County Government)  
Annual Report and Financial Statements for The Year Ended 3N/A<sup>th</sup> June 2025*

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Utilization of funds entails planning and budgetary processes that are on quarterly basis. During the year under review Quarterly Implementation Plans were raised and discussed at various levels (facility, subcounty & county level), after which AIEs ( Authority to incur expenditure) were issued for the execution of the Quarterly Implementation Plans based on voted budgets.

## **10. Environmental And Sustainability Reporting**

### **i) Sustainability strategy and profile**

During the year under review, the facility strived to perform as per the requirements of sustainable developments goals. Our main focus was on the SDG (Sustainable Development Goal) 3, which focuses on good health and wellbeing;

- a. Maternal mortality- During this period, the facility recorded nil maternal mortality. This was as result of ensuring that our pregnant mothers attend the 8 focused antenatal care, after which they are linked to our well-equipped maternity department with skilled midwives, that are trained on EMONC (Emergency Maternal Obstetric Neonatal Child).
- b. End preventable deaths of new-borns and children under 5yrs. This was achieved at the maternity department, whereby, Baby friendly Initiatives were offered to avoid stillbirths and thereafter community linkage was emphasized both to and from the community for the follow-ups of the babies to the immunization and nutrition clinics to counter any infections and malnutrition.
- c. End epidemics of HIV/AIDs, TB, Malaria & Tropical diseases; This was achieved by carrying out in-reaches and outreaches on screening and starting the positive cases on treatments.
- d. Reduce premature mortality from NCDs (Non-Communicable Diseases): This was achieved by scaling up on screening of clients and carrying out timely investigations and management of the various conditions and giving advisory health talks on health and promotive, preventive measures.
- e. Prevent and treat substance abuse; This was achieved through health talks at facility and community level and subsequent linkage to our facility for various services such as focus group discussions and formation of support groups.

**ii) Environmental performance**

Our facility has managed to be environmentally friendly to the workers and the community as a whole by adhering to the laid down waste collection and disposal procedures that are enumerated by the Public Health act. We also emphasized on the Infection Prevention Control measures by use of the segregation of waste that is produced at various levels of care.

**iii) Employee welfare**

Facility management is only mandated to carry out staff appraisals and support staffs in skill development, by ensuring and facilitating for trainings that are arranged through the county training departments. The facility was able to support staffs to attend conferences at various levels accordingly.

**iv) Market place practices-**

**a) Responsible competition practice.**

The facility adheres to ethics and anti-corruption measures. The facility uses the suppliers that are shortlisted at the county level in the supply of commodities and other supplies. The services offered at the facility are clearly outlined on our service charter. FIF funds that are charged at the facility are managed through automation models so as to uphold anti-corruption reporting systems and malpractices. This is a success due to Continuous public sensitization.

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

The facility maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices by ensuring and following guidance from our procurement officers and supervisors from the accounts department.

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

The public is ethically and continuously sensitized and educated on health information by use of public health officers, community advocacy teams and community health promoters in delivering quality health information that has been researched and passed due processes of truth, this is to avoid false myths and misconceptions within the health sector.

**d) Product stewardship or Awareness Creation**

The facility management ensures consumer rights and interests are upheld by ensuring health products information is right and consumer friendly. Disputes are well resolved in accordance with the set regulation as per the HR code of ethics.

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

In the year 2024-2025 the facility did not benefit from any CSR engagements.

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

Currently there is no board of management, however it's in the process of being formed by the county. However, there is a Facility management committee.

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

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

The Board of Management is responsible for the preparation and presentation of the hospitals' financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that

they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2N/A12 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

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

.....

**Name:**

**Chairperson**

**Board of Management**

.....

**Name:** *SCARLETT WANGI SITHANDA*

**Accounting Officer**

**Medical Superintendent**



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MATHARE NORTH LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - NAIROBI CITY COUNTY GOVERNMENT**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mathare North Level 4 Hospital - Nairobi City County Government set out on pages 1 to 25 which comprise of

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*Report of the Auditor-General on Mathare North Level 4 Hospital for the year ended 30 June, 2025 - Nairobi City County Government*

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

## **Basis for Qualified Opinion**

### **1. Undisclosed Property, Plant and Equipment**

The statement of financial position and Note 18 reflects a balance of Kshs.16,906,476 in respect of property, plant and equipment. Review of Note 18 to the financial statements revealed that the Hospital did not disclose various types of assets including the land on which the Hospital building was constructed. The Management explained that it was due to the fact that the Hospital had not undertaken an assets valuation which would enable the entity to recognize and account for its assets from the establishment date.

Further, the assets register, was not complete since it lacked critical information like the date of procurement, value of the asset, depreciation charged, location of items, serial numbers and status of the assets owned by the entity.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.16,906,476 could not be confirmed.

### **2. Lack of Land Ownership Documents**

The statement of financial position and Note 18 to the financial statements reflects a balance of Kshs.16,906,476 in respect of property, plant and equipment which includes land and building with nil value. Review of documents revealed that the Hospital does not have ownership documents for the parcel of land that it occupies which is approximately 5 acres.

In the circumstances, the ownership of land and building with nil balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mathare North Level 4 Hospital – Nairobi City County Government 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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the Other Information set out on page ii to xxii which comprise of Key Entity Information and Overall Performance, Statement of Governance, Statement of the Chairperson, Statement of the Medical Superintendent, Management Discussion and Analysis, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and 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 Mathare North Level 4 Hospital – Nairobi City County Government financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

Review of records and verification of services offered, equipment used and medical specialists, revealed that the Hospital did not meet the requirements of Kenya Quality

Model for Health Policy Guidelines due to deficit by seventy (70) staff requirements or 72% of the authorized establishment as detailed below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	6	10	63%
General Surgeons	2	0	2	100%
Pediatrician	2	0	2	100%
Kenya Registered Community Health Nurses	75	20	55	73%
Gynecologists	2	1	1	50%
	97	27	70	72%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Bed Capacity	150	25	125	83%
Newborn Incubators	5	2	3	60%
New Born Unit Cots	5	3	2	40%
Resuscitative in Theatre	1	1	0	0%
Resuscitative in Labor Ward	2	2	0	0%
Functional Intensive Care Unit Beds	6	0	6	100%
Renal Unit with at least 5 Dialysis Machines	5	0	5	100%

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

In the circumstances, the effectiveness and efficiency of service delivery to the public could not be confirmed.

## 2. Delay in Completion of Main Theatre Project

Review of documents revealed that the County Government of Nairobi had contracted a Contactor for the extension of the main theater at Mathare North Hospital – Nairobi City County Government. However, the physical inspection done on November, 2025

revealed the project had stalled and the Contractor was not on site citing the delay in payments.

In the circumstances, the regularity and value for money to be realized from the project could not be confirmed.

### **3. Understaffing at the Facility**

Review of the human resource records revealed that the Hospital does not have an approved staff establishment leading to understaffing in the key departmental functions. Further, it was noted that some departments were being manned by few staff when compared to the available workload while other departments had no qualified staff to manage the relevant functions.

In the circumstances, the efficiency and effectiveness in delivery of services could not be confirmed.

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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Lack of Hospital Management Board**

During the year under review the Hospital did not have a Board of Management in place. The purpose of the Board is to oversight, promote development, approve plans, programs and estimates for implementing County health strategies in the Hospital and to control the administration of the entity.

In the circumstances, the effectiveness and efficiency of the governance system could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 December, 2025

*N/A Hospital (N/A County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024-2025 FY
		Kshs
<b>Revenue from non-exchange transactions</b>		
In-kind contributions from the County Government	6	3,081,737
Transfers from other Government entities	7	119,400
<b>Revenue from exchange transactions</b>		
Rendering of services- Medical Service Income	8	15,496,522
<b>Revenue from exchange transactions</b>		
<b>Total revenue</b>		<b>18,697,659</b>
<b>Expenses</b>		
Medical/Clinical costs	9	3,772,219
Employee costs	10	648,250
Board of Management Expenses	11	80,500
Depreciation and amortization expense	12	2,415,210
Repairs and maintenance	13	1,443,786
General expenses	14	1,637,829
<b>Total expenses</b>		<b>9,997,794</b>
<b>Net Surplus for the year</b>		<b>8,699,865</b>

.....  
**Chairman**

**Board of Management**

*[Signature]*  
.....  
**Head of Finance**

**ICPAK No: 12512**

*[Signature]*  
.....  
**Medical Superintendent**


04 DEC 2025

*N/A Hospital (N/A County Government)*  
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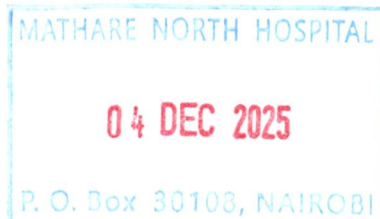
**15. Statement of Financial Position as At 30<sup>th</sup> June 2025**

<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	15	5,593,294
Receivables from exchange transactions	16	3,765,996
Inventories	17	1,650,106
<b>Total Current Assets</b>		<b>11,009,396</b>
<b>Non-current assets</b>		
Property, plant, and equipment	18	16,906,476
<b>Total Non-current Assets</b>		<b>16,906,476</b>
<b>Total assets (A)</b>		<b>27,915,872</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	19	97,000
<b>Total Current Liabilities</b>		<b>97,000</b>
<b>Total Liabilities (B)</b>		<b>97,000</b>
<b>Net assets (A-B)</b>		<b>27,818,872</b>
<b>Represented by:</b>		
Accumulated surplus/Deficit		8,699,865
Capital Fund		19,119,007
<b>Net Assets</b>		<b>27,818,872</b>

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

.....  
  
**Head of Finance**  
**ICPAK No: 12512**

.....  
  
**Medical Superintendent**



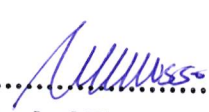


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**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Cash flows from operating activities		
<b>Receipts</b>		
Transfers from other Government entities		119,400
Rendering of services- Medical Service Income		11,730,526
<b>Total Receipts</b>		<b>11,849,926</b>
<b>Payments</b>		
Medical/Clinical costs		3,772,219
Employee costs		551,250
Board of Management Expenses		80,500
Repairs and maintenance		1,443,786
General expenses		1,637,829
<b>Total Payments</b>		<b>7,485,584</b>
<b>Net cash flows from operating activities</b>		<b>4,364,342</b>
Cash and cash equivalents as at 1 July 2024		1,228,952
<b>Cash and cash equivalents as at 30 June 2025</b>	27	<b>5,593,294</b>

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

  
.....  
**Head of Finance**  
**ICPAK No: 12512**

  
.....  
**Medical Superintendent**

MATHARE NORTH HOSPITAL  
  
**04 DEC 2025**  
  
P. O. Box 30103, NAIROBI

*N/A Hospital (N/A County Government)*  
*Annual Report and Financial Statements for The Year Ended 3N/A<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from other Government entities	500,000	-	500,000	119,400	380,600	24%
Rendering of services- Medical Service Income	14,400,000		14,400,000	11,730,526	2,669,474	82%
<b>Total receipts</b>	<b>14,900,000</b>	<b>-</b>	<b>14,900,000</b>	<b>11,849,926</b>	<b>3,050,074</b>	<b>80%</b>
<b>Payments</b>						
Medical/Clinical costs	6,000,000	-	6,000,000	3,772,219	2,227,781	63%
Employee costs	1,000,000	-	1,000,000	551,250	448,750	55%
Committee allowances	100,000	-	100,000	80,500	19,500	81%
Repairs and maintenance	2,800,000	-	2,800,000	1,443,786	1,356,214	52%
General expenses	5,000,000	-	5,000,000	1,637,829	3,362,171	33%
<b>Total Operational Expenditure paid</b>	<b>14,900,000</b>	<b>-</b>	<b>14,900,000</b>	<b>7,485,584</b>	<b>7,414,416</b>	<b>50%</b>
<b>Capital Expenditure paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>%</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,364,342</b>	<b>-</b>	<b>%</b>

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	4,364,342
1 Cash and cash equivalents as at 1 <sup>st</sup> July 2024	1,228,952
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>5,593,294</b>

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Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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**19. Notes to the Financial Statements**

**1. General Information**

Mathare North Hospital entity is established by and derives its authority and accountability from PFM-Act. The entity is wholly owned by the Nairobi City County Government and is domiciled in Nairobi County in Kenya. The entity's principal activity is offering comprehensive health care services.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

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

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

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

<b>Effective date and impact</b>	
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,                      Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value</p>

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Standard	Effective date and impact:
Operations	<p>less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="719 1075 2078 1161">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="719 1177 1688 1209">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="719 1225 2078 1311">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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<b>Effective date and impact</b>	
	<i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2N/A26</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 5N/A:	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p>

*N/A Hospital (N/A County Government)  
Annual Report and Financial Statements for The Year Ended 31/A<sup>th</sup> June 2025*

Standard	Effective date and impact:
Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY was approved by Board on. 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 hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

**c. 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.

**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.

**Financial liabilities**

**Classification**

The hospital 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 cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement

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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 hospital.

Where the hospital 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.

**e. Changes in accounting policies and estimates**

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

**f. 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 hospital, or vice versa. Members of key management are regarded as related parties and comprise the HMT, the Med Supt and senior managers.

**g. 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.

**h. Subsequent events**

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The hospital 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 hospital. Such changes are reflected in the assumptions when they occur. ( IPSAS 1.14N/A)

**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

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

	2024-2025
	KShs
Medical supplies-Drawings Rights (KEMSA)	3,081,737
Utility bills	N/A
<b>Total grants in kind</b>	<b>3,081,737</b>

**7. Transfers From Other Government Entities**

	2024-2025
	KShs
Transfer from TIKO/VIVA Institute	119,400
<b>Total Transfers</b>	<b>119,400</b>

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

	2024-2025
Opd services	571,456
Pharmaceuticals	6,207

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Dental services	4,500
Maternity services	55,550
Other medical services income <i>(specify)</i>	
<b>Total revenue from the rendering of services(Mpesa)</b>	<b>637,713</b>
<b>NHIF/SHA Reimbursements</b>	<b>11,092,813</b>
<b>Total</b>	<b>11,730,526</b>
<b>Add receivables(accrual)</b>	<b>3,765,996</b>
<b>Total</b>	<b>15,496,522</b>

**9. Medical/ Clinical Costs**

Description	2024-2025 FY Kshs
Laboratory chemicals and reagents	409,000
Food and Ration	383,957

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Uniform, clothing, and linen	78,000
Dressing and non-pharmaceuticals	319,080
Pharmaceutical supplies	647,937
Sanitary and cleansing Materials	125,145
Purchase of Medical gases	323,040
Other medical related clinical costs ( <i>specify</i> ) ( <i>Purchase of medical &amp; dental equipment, purchase of furniture &amp; fittings, purchase of medical equipment, purchase of boilers, refrigeration, &amp; general equipment</i> )	1,486,060
<b>Total medical/ clinical costs</b>	<b>3,772,219</b>

**10. Employee Costs**

Description	2024-2025
	Kshs
Salaries, wages, and allowances	551,250
<b>Employee costs</b>	<b>551,250</b>
<b>Add payables(accrual)</b>	<b>97,000</b>
<b>Total</b>	<b>648,250</b>

**11. Board of Management Expenses**

Description	2024-2025
	Kshs
Sitting allowance	80,500

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<b>Total</b>	<b>80,500</b>
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The period under review, the facility used the Health Facility Management Committee.

**12. Depreciation and Amortization Expense**

Description	2024-2025 Kshs
Property, plant and equipment	2,415,210
<b>Total depreciation and amortization</b>	<b>2,415,210</b>

Property, plant and equipment have been depreciated by 12.5% on a reducing balance basis of accounting.

**13. Repairs And Maintenance**

Description	2024-2025 Kshs
Property- Buildings	1,138,600
Medical equipment	227,000
Furniture and fittings	68,186
Computers and accessories	10,000
<b>Total repairs and maintenance</b>	<b>1,443,786</b>

**14. General Expenses**

Description	2024-2025 Kshs
Advertising and publicity expenses	127,602
Catering expenses	178,000

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Description	2024-2025
	Kshs
Bank charges	4,158
Electricity expenses	138,517
Fuel and Lubricants	75,807
Travel and accommodation allowance	60,050
Printing and stationery	247,500
Water and sewerage costs	249,000
Telephone and mobile phone services	38,000
Internet expenses	360,145
Daily subsistence allowances	159,050
<b>Total General Expenses</b>	<b>1,637,829</b>

15. **Cash And Cash Equivalents**

Description	2024-2025
	KShs
Current accounts	5,593,294.30
<b>Total cash and cash equivalents</b>	<b>5,593,294.30</b>

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

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**14(a). Detailed Analysis of Cash and Cash Equivalents**

Description	Account number	2024-2025 FY
		KShs
<b>a) Current account</b>		
Co-operative Bank Ukulima	01141132190700	4,955,581.30
Co-operative Bank City Hall Br.	01101614620001	637,713.00
<b>Sub- total</b>		<b>5,593,294.30</b>
<b>Grand total</b>		<b>5,593,294.30</b>

**16. Receivables From Exchange Transactions**

Description	2024-2025 FY
	KShs
Medical services receivables	3,765,996
<b>Total receivables</b>	<b>3,765,996</b>

The receivables are for SHA claims.

**Analysis of Receivables From Exchange Transactions**

Description	2024-2025 FY	
	Current FY	% of the total

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Less than 1 year	3,765,996	100 %
<b>Total (a+b)</b>	<b>3,765,996</b>	<b>100%</b>

**17. Inventories**

Description	2024-2025
	KShs
Pharmaceutical supplies	1,219,403
Linen and clothing supplies	1,888
Cleaning materials supplies	15
General supplies	9500
Lab	419,300
<b>TOTAL</b>	<b>1,650,106</b>

**18. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical Equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 1 July 2024 (current year)	-	-	-	-	-	19,321,686	-	-	19,321,686
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	-	-	<b>19,321,686</b>	-	-	<b>19,321,686</b>
<b>Depreciation and impairment</b>									
Depreciation for the year	-	-	-	-	-	2,415,210	-	-	2,415,210
<b>At 30 June 2025</b>						<b>2,415,210</b>			<b>2,415,210</b>

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	Land	Buildings and civil works	Motor vehicles	Furniture, fittings and office equipment	ICT Equipment	Plant and medical Equipment	Other Assets (specify)	Capital Work in progress
Net book values								
At 30 <sup>th</sup> Jun 2025	-	-	-	-	-	16,906,476	-	16,906,476

**19. Trade and other Payables**

Description	2024-2025 FY	
	KShs	
Employee dues	97,000	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	97,000	100 %
<b>Total</b>	<b>97,000</b>	<b>%</b>

**MATHARE NORTH LEVEL IV HOSPITAL  
TRIAL BALANCE FOR FY 2024-2025**

Description/ Item	DR	CR
<b>Incomes</b>		
Transfers from other government agencies		119,400.00
In - Kind Contributions from the County Government		3,081,737.00
Revenue from Medical Services		15,496,522.00
<b>Expenses</b>		
Laboratory Reagents	409,000.00	
food and ration	383,957.00	
uniforms and clothing	78,000.00	
non pharmaceuticals	319,080.00	
pharmaceuticals	647,937.00	
sanitary and cleaning	125,145.00	
medical gases	323,040.00	
employee costs	648,250.00	
committee/board allowances	80,500.00	
depreciation	2,415,210.00	
Repairs and maintenance	1,443,786.00	
general expenses	1,637,829.00	
In-kind contribution	3,081,737.00	
<b>Assets</b>		
Cash and Cash Equivalents	5,593,294.00	
Receivables	3,765,996.00	
Inventory	1,650,106.00	
Plant, Property and Equipments	16,906,476.00	
<b>Liabilities</b>		
Payables		97,000.00
Reserves		1,595,677.00
Capital Fund		19,119,007
		-
<b>Totals</b>	<b>39,509,343.00</b>	<b>39,509,343.00</b>