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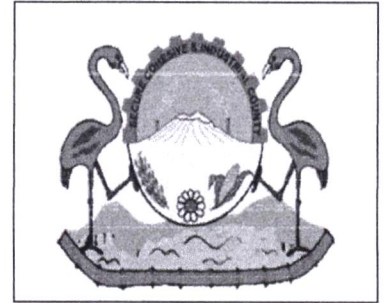
NAIVASHA SUB COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	19/2/2026
TABLED BY	Minority Unit
COMMITTEE	
CLERK AT THE TABLE	Angela

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NAIVASHA SUB COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30th June 2025

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

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Table of Contents

2. Acronyms & Glossary of Terms	ii
3. Key Entity Information and Management	iii
4. The Board of Management.....	vi
5. Key Management Team.....	ix
6. Chairman’s Statement	xiv
7. Report of The Medical Superintendent.....	xv
8. Statement of Performance Against Predetermined Objectives	xx
9. Corporate Governance Statement	xxii
10. Management Discussion and Analysis	xxiii
11. Environmental And Sustainability Reporting	xxviii
12. Report of The Board of Management	xxx
13. Statement of Board of Management’s Responsibilities.....	xxxii
14. Report of the Independent Auditor (<i>specify entity name</i>)	xxxii
15. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
16. Statement of Financial Position As At 30 th June 2025.....	3
17. Statement of Changes in Net Assets for The Year Ended 30 June 2025	5
18. , Statement of Cash Flows for The Year Ended 30 June 2025	6
19. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025.....	9
20. Notes to the Financial Statements	11
21. Appendices	55

2. Acronyms & Glossary of Terms

ALOS	Average Length of Stay
AWP	Annual Work Plan
CCC	Comprehensive Care Clinic
CHV	Community Health Volunteers
CSR	Corporate Social Responsibility
CPA	Certified Public Accountant
DOHS	Department of Health Services
DR	Doctor
EEC	Executive Expenditure Committee
ENT	Ear Nose and Throat
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
GYN	Gynaecologist
HAO	Health Administrative Officer
HEI	Hiv Exposed Infants
HDU	High Dependency Unit
HMC	Health management Committee
HMT	Health Management Team
HTS	Health testing Services
ICU	Intensive Care Unit
IP	In-patient
IPC	Infection Prevention Committee

MCH	Maternal Child Health Care
MED SUP	Medical Superintendent
MES	Medical Equipment Suppliers
MOH	Ministry of Health
MRI	Magnetic Resonance Imaging
OBD	Occupied Bed Days
OPD	Out Patient Department
OSHA	Occupational Safety and Health Accreditation
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
SOP's	Standard Operating Procedures
SRC	Salary remuneration commission
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
SVD	Spontaneous Vaginal Delivery
WHO	World Health Organization

3. Key Entity Information and Management

(a) Background information

Naivasha Sub County Hospital is a level 4 hospital established under gazette notice number 7619 and Licensed under The Medical Practitioners and Dentists Act (Cap. 253) in accordance with the provisions of Rule (5). It is domiciled in Nakuru County under the Department of Health. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mandate of the hospital is to offer curative, preventive, rehabilitative and promotive health services to all patients and clients.

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

(c) Key Management

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

- The hospital's management is under the following key organs:
- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Warui G.K.B
2.	Deputy Medical Superintendent	Dr. Wamalwa Dennis J
3.	Health Administrator	Wachira Mwai S
4.	Head of finance	CPA- Charity M. Macharia
5.	Head of supply chain	Monica Wambui
6.	Nursing Officer	Purity Thirikwa
7.	Pharmacist	Dr. Evans Makumba

(e) Fiduciary Oversight Arrangements

- i. **Hospital Management Team** – The committee is tasked with daily operation of the facility with membership drawn front the various in-charges of departments. The committee is headed by the Medical Superintendent.
- ii. **Executive Expenditure Committee** – The committee is tasked with moderating all expenditure proposals for the departments and formulating a working budget for presentation to the HMT. Members are usually the administration plus 5 key departments – Laboratory, Maintenance, Pharmacy, Maternity and Records. The committee is headed by the Medical Superintendent.
- iii. **Quality of Care** – The committee is tasked with ensuring that good quality service is being offered to the patients and addressing discrepancies. The committee membership is by appointment by the medical superintendent from the key departments. The committee is chaired by the Nursing Officer.
- iv. **Maternal Death Review** – The committee is tasked with investigating all maternal cases occurring within the hospital and giving recommendation to the DOHS and help in reviewing the operating procedures to avoid future cases. The committee is chaired by the Deputy Medical Superintendent and in-charge of Clinical of Services.

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025


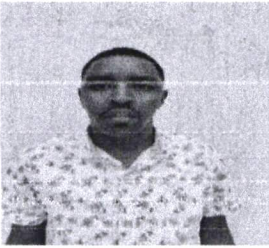

- (f) Entity Headquarters**
P.O. Box 141-20117
Kenyatta Avenue
Naivasha Sub County
Nakuru County
Kenya
- (g) Entity Contacts**
Telephone: (+254) 0719-520-400
E-mail: naivashahospital@gmail.com
Website. www.go.ke
- (h) Entity Bankers**
Kenya Commercial Bank LTD
Kencom House- Moi Avenue
P.O Box 48400- 00100
NAIROBI
Tel.020-2287000
- (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**
New County Hall Building
Moi Road
P.O. Box. 2870-20100
Nakuru
Kenya

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025


4. The Board of Management

Ref	Directors	Details
1.	 Mr Thomas Gitau -Chairperson	<p>Mr Thomas Njoroge Gitau is a resident of Naivasha and a retired Judicial Clerical Officer. He is an O-level certificate holder. He served as the Mayor of Naivasha Municipality between the year 1997- 2007.He is an astute business man and farmer as well as a board member of Mununga Secondary school and the Vice chair of Karate pastoral committee. He is the current Board chair for Naivasha Sub County referral Hospital. He is a resident of Naivasha residing at Karati.</p>
2.	 Hon. Mwangi Muraya	<p>Hon. Mwangi Muraya is the area MCA for Viwandani Ward where the hospital is located. He is the vice chair of the Finance Committee at the County Assembly, and undertaking a bachelor's degree in political science. He is a resident of Naivasha residing at Industrial Area Estate within Naivasha.</p>
3.	 Mr Onesmus Wasike	<p>Mr Onesmus Wasike is a resident of Naivasha an O Level certificate holder and a specialist in Plumbing Services. He has worked for various flowers farms within Naivasha and is currently the Maintenance Supervisor at Galaxy Farm. He aslo serves as the General vice Chairman Nyumba kumi Lakeview Ward Naivasha, Chairperson Bursary Committee Lakeview Ward 2017 – 2022 and the Chairperson Credit Committee Tujijenge Sacco LTD Naivasha.</p> <p>Mr Wasike is the chair of the Finance Sub Committee, and a resident of Kihoto estate within Naivasha.</p>


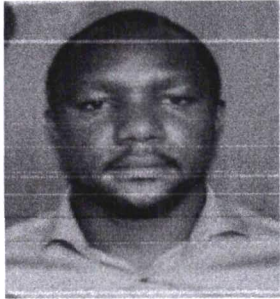
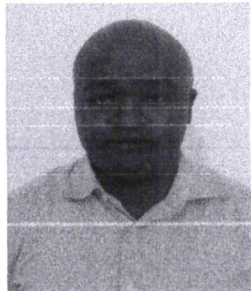
NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	 <p>Pauline Mugo</p>	<p>Ms Pauline Mugo is the chair of Environment and Infrastructure Committee and represent persons living with disability. Ms Pauline is a business person living within Naivasha. Pauline is a resident of Kabati estate within Naivasha.</p>
4.	 <p>Mary Salome</p>	<p>Mary is a trained HTS counsellor working as a CHV attached to the County Council unit. She has trained on community healthcare in maternal and new born care, Diabetes, HTS counselling and is a board member of Annex Dispensary. Further she has served as Vice Chair of Peer educators group and Vice Chair for Gender committee while working at Panda Flowers. Mary is a resident of Kabati estate within Naivasha.</p>
5.	 <p>Dr. Warui Benard</p>	<p>Dr. Warui Benard is a 56-year-old Dental Surgeon who has practised and served in various management positions with the health department. He has served as the Deputy Medical Superintendent for 8 years, Medical Superintendent for Molo Sub County Hospital and Bahati Sub County Hospital for 5 years and 3 1/2 years respectively. He has further served as the chair of IPC committee for 8 years at PGH. He is the current Medical Superintendent for Naivasha Sub County Referral Hospital and is a member of the Kenya Dental Association. Dr Warui is resident of Lake view estate within Naivasha.</p>

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

6.	 <p>Bishop Jeremiah Pallangyo</p>	<p>Bishop Jeremiah P Pallangyo is the National Bishop for the New Hope For all Nations Churches. He Holds a master's degree in Theology from Chester University U.K, Masters in Anthropology in Int. Bible Training, UK. He is the chairperson Evangelical Alliance of Kenya, Vice Chair Person Naivasha Hospital Management Committee, Member Nakuru Bishops Council and the Chair Inter Faith Council –Naivasha Sub County. He is well versed and trained in numerous leadership and social intervention courses and a holder of many awards nationally and internationally. He is resident of Lake view estate within Naivasha</p>
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5. Key Management Team

1.	 Dr. Warui Bernard	Medical Superintendent
2.	 Dr Deniss Wamalwa	Deputy Medical Superintendent and Head of Surgery .
3	 Wachira S Mwai	Hospital Administrator and Head Human Resource.





NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4	 Charity Macharia	Head Accounting and Finance -CPA
5.	 Purity Thirikwa	Head of Nursing Services
6.	 Benjamin Mwaura	Deputy Nursing Services
7.	 Dr Muigai David	Head of products and technologies

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025




8.	 George Muchiri		Head Biomedical Engineering
9.	 Victor Keraa		Head Public Health
10.	 Ruth Rugiri		Nursing Officer Incharge Maternity
11.	 		Head Laboratory Services

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Florence Gicharu	
12.	 Monicah Wambui	Head procurement and supplies
13.	 Dr Evans Makumba	Head pharmacy
14.	 Dr Douglas Osoro	Head Training Services
15.	 Ben Kuria	Head Clinical Services-OPD

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

16.	 Elvis Wafula	Head Radiology Services
17.	 Monica Rotich	Head Nutrition Services
18.	 Dr Griffine Joel Obura	Medical Officer Incharge Clinical Services OPD/IP

6. Chairman's Statement

Naivasha Sub County Hospital is a designated referral facility for neighbouring facilities within Nakuru, Nyandarua, Kiambu and Narok Counties, as well as offering general inpatient and outpatient curative, preventive, promotive and rehabilitative services. A total number of 167,988 patients have been attended to within the year; this shows a significant reduction following the introduction of SHA. There is need for increased civic education to enhance SHA uptake. Naivasha sub county hospital is located along a major transport corridor and an accident-prone area makes it attend to numerous cases of road traffic accident victims, and hence the need to improve the existing specialized services especially surgical, HDU, ICU and rehabilitative services. We appreciate the support we are receiving from the DOHS in completion of the HDU/ICU block and the commitment to equip it when completed.

Naivasha sub county hospital has a high growth potential if the right mechanism is put in place, there is need for additional theatre, diagnostic equipment's i.e MRI, CT-scan, dental unit, eye unit and a well-equipped laboratory. The much-anticipated equipping of the new OPD building is also hampering services delivery and leading to underutilization of the facility. This will enhance the quality of service, and make the hospital a centre of excellence in healthcare in the region.

Further, the hospital has been experiencing challenges of having old equipment's of which most of them are obsolete. This leads to frequent breakdowns and greatly affects service delivery across the departments. Further the hospital is experiencing acute staff shortage occasioned mainly by attrition without replacement and growth of services.

The hospital, acts as a training centre for both local and international students which our staff get to learn new medical practices.

I call upon the community, staff, board members and the partners to continue supporting the hospital for realization of the hospital vision and mission.


Name *Thomas M. Ritor*

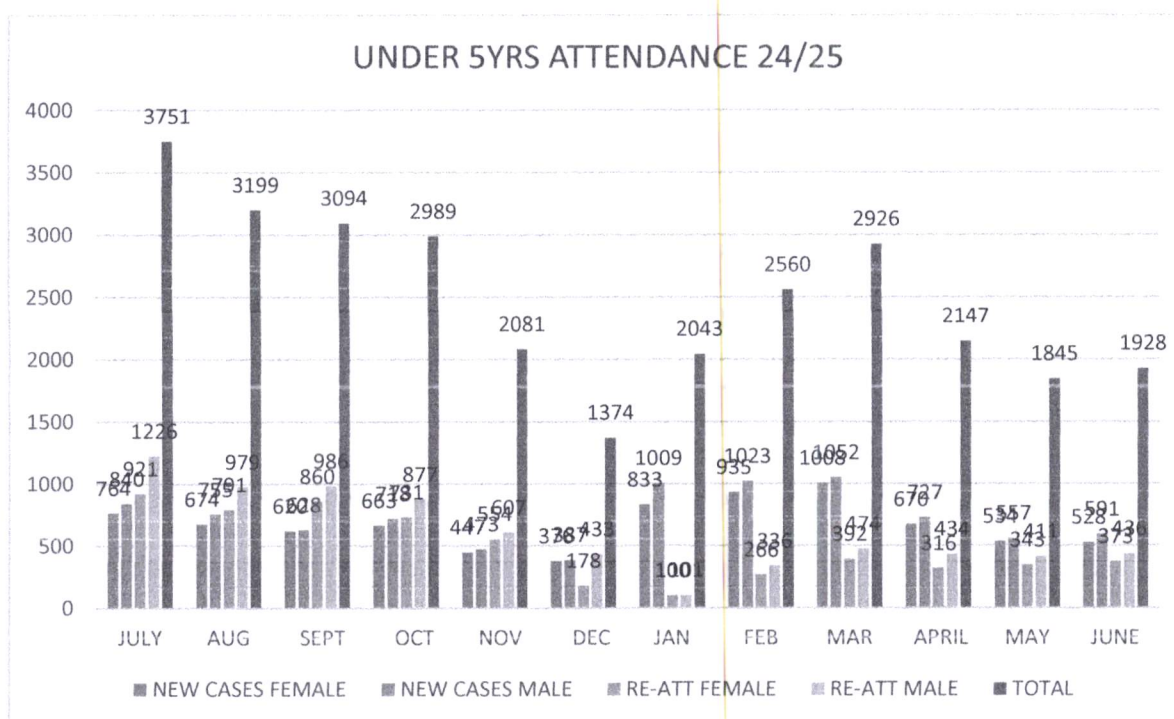
Chairman to the Board

7. Report of The Medical Superintendent

Operational Performance

The hospital provides specialized healthcare services to meet our patients' needs, we have specialists in all disciplines of a Level IV hospital, who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centred services. In 2024/25 the hospital attended to 167,988 as regular out-patients which is a significant reduction from the patients attended to in the previous year of 221,652 patients, 25% reduction. This reduction may be due to the introduction of SHA in October 2024 which encouraged patients to seek for services from level II and III facilities. This is in tandem with PHC service policy.

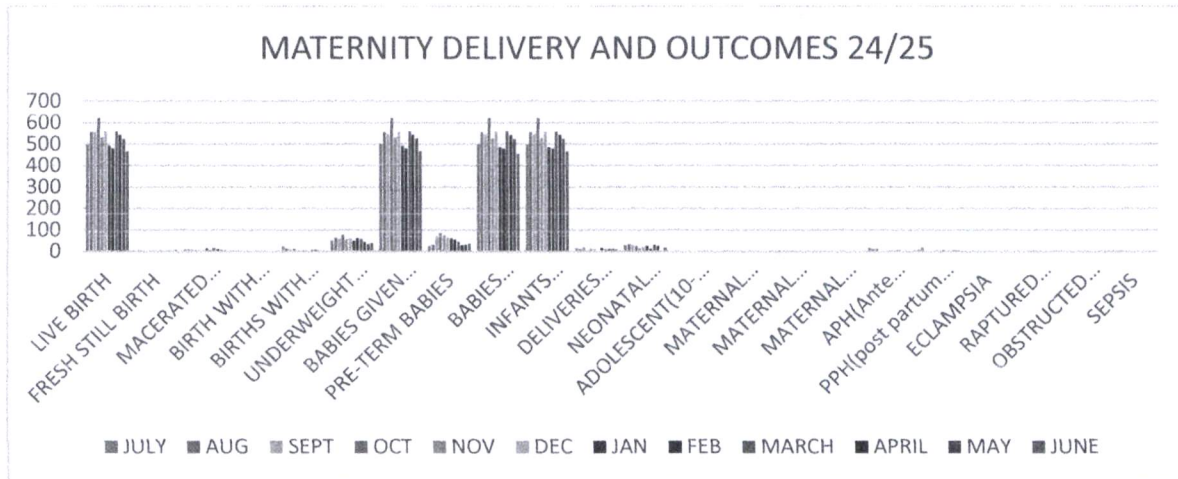
The hospital offers renal dialysis services on outpatient basis, we have five old dialysis machines, which were under the MES project. The project has not been maintaining the equipment, which have become expensive to maintain, as the machines are approaching obsolescence. In spite of these challenges the department continues to attend to 18 patients, doing an average of 150 sessions per month. This is an increase from 16 patients and 131 sessions



The hospital has continued to offer mother and baby services, with a goal of reducing maternal and infant deaths to support the national and county objectives of this indicator, which has remained very high. Maternal health is very demanding and costly. The hospital continues to offer these services; introduction of SHA has improved reimbursements from KSH 5000 offered under Linda mama for both SVD and caesarian section to KSH 10,000 for normal delivery and KSH 30,000 for caesarian section. The deliveries come with complications, which are very expensive to manage. Of particular importance are the babies born prematurely, who are very expensive to maintain in

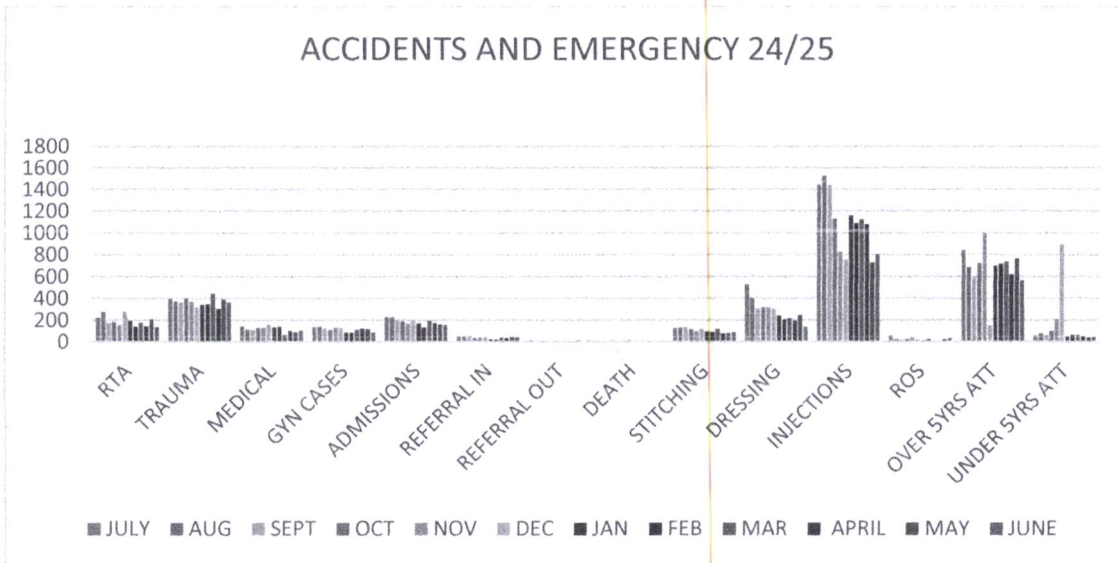
NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

the new born unit. Currently for fully paid-up members of SHA, reimbursements are being made. It is also important to note that the hospital reported five maternal deaths, though most of the cases were related to late admissions. This calls for strengthening of Ante Natal services at our level II, III and IV facilities, to manage the complications before they get out of hand. It should be noted also that a number of Kenyan citizens still do not have national identity cards and mobile telephone, this complicates the issue of registering them under SHA, this cohort constitutes a large proportion of patients waived for user charges.

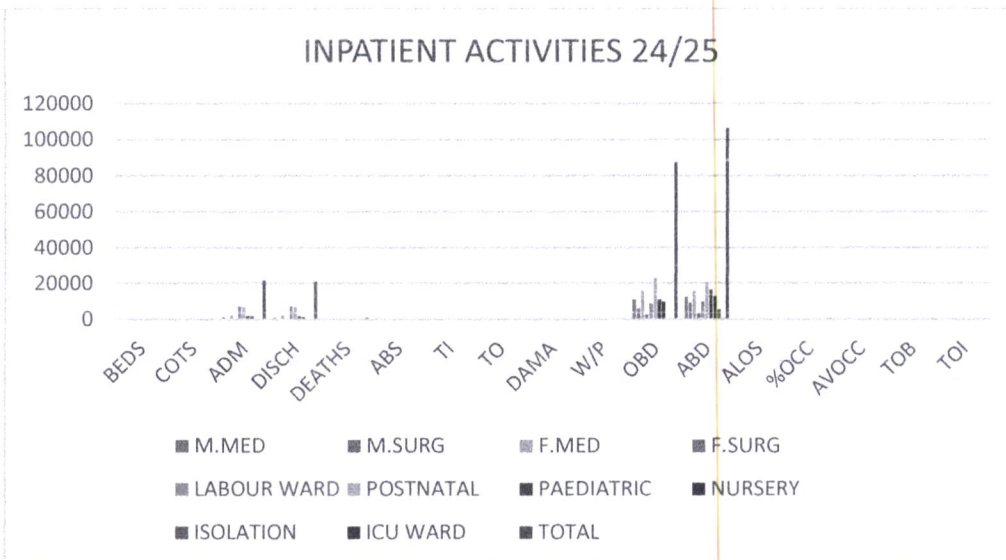


The hospital is located along the very busy Nairobi-Nakuru highway which hosts several accident blackspots. This has seen the institution attending to a very high numbers of accident victims besides other medical and surgical emergencies. This therefore increases the operation costs, as many of them do not pay the hospital user charges. We therefore need support from the National, County government and other stakeholders to offset these costs. The emergency fund to cater for these costs, especially for victims not registered under SHA, is not accessible. The institution further requires more resources for training and building a more responsive team in managing accidents and emergencies. The hospital has a two-bed capacity ICU which is always 100% occupied. The hospital has relocated its ICU to a more spacious room that can accommodate four beds but there is no equipment to support the extra beds. The increasing demand, occasioned by the many road traffic accidents, medical emergencies and post-operative cases has not been well addressed. This will demand an increase in equipment to support the patients and staff.

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025



In our inpatient services, the male surgical and male wards continue to have the highest length of stay, more than ten days and bed occupancy of more than 100%. This may be attributed to poor health seeking habits and indigence. In spite of the care given to our patients, the hospital had an inpatient mortality of 780 in the previous financial period, while in the year under review it was 778.



NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Financial Highlights

The hospital revenue has been mainly from user fees charged for the services rendered. The fees have continued to be very low and reflect the current economic situation in the country and hence the hospital could not meet the set revenue target. The current economic situation has increased the costs of both medical and non-medical supplies, thereby increasing the costs of running the hospital. The exemptions and waivers have marginally decreased from 11,462,983 to 8,049,802; however, reimbursement that were done through capitation were done away with introduction of SHA, hospital revenue has remained the same notwithstanding. The drawing rights for the pharmaceutical and non-pharmaceutical products have not been forthcoming in the year under review. This means reduced revenues.

REVENUE	2023/24	2024/2025
NHIF	167,602,994	37,671,600
SHA		140,066,296
RENDERING SERVICES	131,928,962	133,271,854
TOTAL	299,531,956	311,009,750
EXPENSES		
MEDICAL/CLINICAL COSTS	261,667,866	154,296,986
EMPLOYEE COSTS	421,210,843	425,866,059
BOARD EXPENSES	625,000.00	878,500
REPAIRS AND MAINTENANCE	9,041,667	20,457,346
GENERAL EXPENSES	60,347,657	58,355,104
TOTAL	752,893,033	659,853,995

The revenue collected is far below our expenditures, this has occasioned the hospital increasing the debt payables and exposing the institution to litigations from our suppliers of goods and services. It should also be noted that, employee costs have been high, as much as this is the responsibility of the County Government. There has been an increase in maintenance cost due to frequent breakdown of plants and machinery, medical equipment which are past their economic life. Maintenance costs rose from KSH 9,041,667 to 20,457,346. There was also an increase in revenue collection from KSH 299,531,956.00 to KSH 311,009,750 in spite of decrease in patient attendance.

The hospital offers funeral services to the community. However, the unidentified bodies preserved in our mortuary continues to increase our operational costs, due to the long and tedious process of looking for the next kin. The court process for the disposal is expedited by the judicial officers when it is due. The hospital bears the cost of final disposal of the bodies. The county government has made major investments in improving our funeral home, which will improve the revenue base of the hospital.

Work Force

The Hospital has a total work force of 325 medical staff and spread-out over various medical cadres. An additional 90 have been hired to offer auxiliary support services. However, the hospital is in dire need of additional staff to cater for the staff leaving through natural attrition and voluntary resignation. There is need to have a sustainable staff replacement program.

Strategic Direction

The many challenges notwithstanding, the hospital management and the members of staff are working hard to improve the quality of services to our patients and to improve on the effectiveness of the members of staff. It is on this note that the incomplete ICU/Renal building has been earmarked for completion to increase inpatient capacity and offering kidney dialysis services to more patients. Our inhouse training on emergency and disaster response continue to impart knowledge and skills to our staff. This in turn will increase safety to our patients and reduce medical errors. We are also looking forward to have Strategic partners to invest in the hospital.

The new outpatient building that was built in partnership of The MoH, County Government and KenGen, is 90% being utilized. We have moved all services except Accident and Emergency, and Xray and imaging departments. This is because the equipment in these departments need expertise to relocate and program them. The building needs inspection and approval from the Kenya Nuclear Regulatory Authority before utilization.


.....

Name **DR. WARUI CUK B**

Secretary to the Board

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

8. Statement of Performance Against Predetermined Objectives

Naivasha Sub County Referral Hospital operation is based on WHO six strategic pillars/ themes/ issues as below listed

1. Clinical services and products
2. Healthcare financing and sustainability
3. Human resource development
4. Infrastructural development
5. Leadership and governance
6. Health information

Naivasha Sub County Hospital develops annual work plans based on the above six health system pillars. The assessment of the HMC committee and hospital/performance against its annual work plan (AWP) is done on a quarterly basis.

The hospital achievement based on its performance target for the FY 2024/2025 period for the above strategic pillars is as indicated in the below diagram.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Clinical service delivery and infrastructure development	To establish and enhance good clinical governance To express workspace through infrastructural development.	<ul style="list-style-type: none"> ➤ Updated SOPs ➤ No of stock out tracer drugs. ➤ Availability of drug formular y. ➤ Infrastruc tural committe e and evaluatio n 	<ul style="list-style-type: none"> ➤ Rational use of medications. ➤ Provision of health products. ➤ Monthly clinical audits and mortality meetings Installation of MRI imaging equipment. Introduce new specialised services 	<ul style="list-style-type: none"> ➤ Reduction morbidity and mortality. ➤ Drug formular available. ➤ Construct on new ward;

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

	To ensure quality diagnostic services.			➤ Installation and operationalization of MRI machine
2. Healthcare financing and sustainability	To increase revenue generation.	<ul style="list-style-type: none"> ➤ Revenue reports. ➤ % in revenue 	<ul style="list-style-type: none"> ➤ Review user fees. ➤ Increase customer base. ➤ Diversify revenue streams. 	<ul style="list-style-type: none"> ➤ Continuous user fee review. ➤ Improved revenue generations. ➤ More patient streams.
3. Leadership and governance	Enhanced policies, disseminations and implementation.	<ul style="list-style-type: none"> ➤ Increase in hospital performance ➤ No of HMC meetings. ➤ No. of the HMT meetings. 	<ul style="list-style-type: none"> ➤ Monthly/ quarterly HMT meetings. ➤ Quarterly HMC. 	<ul style="list-style-type: none"> ➤ Quarterly HMT/HMC meetings achieved.
4. Human Resource Development	To attract and retain qualified and competent Human Resource	<ul style="list-style-type: none"> ➤ No of staff Transfer request ➤ No of resignation for hospital contracted staff 	<ul style="list-style-type: none"> ➤ Appraisal system 	<ul style="list-style-type: none"> ➤ Low staff Turnover ➤ Reduced complains on service delivery

9. Corporate Governance Statement

Naivasha Sub County Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Nakuru County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Nakuru County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board has a diverse skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is three years renewal subject to performance.

The current board was appointed vide gazette notice MR/51180197 dated 19th June 2023.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospitals management of risk and internal controls.
- Review at regular meetings Management's performance against approved budget.

The full Board meets at least 4 times a year and can hold ad hoc meetings if need be. The Board members are given appropriate and timely information so that they can maintain full and effective control

over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

b) Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines.

c) Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an Allowances. The allowance is paid as per the DOHs allowance circular dated 7th January 2019.

d) Committees of the Board

The Board has three (3) standing committees, which meet regularly under the terms of reference set by the Board. The standing committees as follows:

- Finance sub-committee
- Quality of Care Committee
- Environment and Infrastructure Committee

10. Management Discussion and Analysis

	NAMES	QUALITY OF CARE				ENVIRONMENT SUB-COMMITTEE				HEALTH MANAGEMENT COMMITTEE				FINANCE SUB-COMMITTEE			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	THOMAS GITAU	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	BISHOP JEREMIAH PALLANGY O									√	√	×	×	√	√	×	×
3	PAULINE MUGO					√	√	√	√	√	√	√	√				
4	MARY SALOME	√	√	√	√					√	√	√	√	√	√	√	√

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

5	ONESMUS WASIKE									√	√	√	√	√	√	√	√
6	DR. WARUI G.K.B	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
7	MCA MURAYA					×											×
8	ELIZABETH WANGUI			√	√			√	√		√	√	√	√		√	
9	DEBORAH SIRENGA(SC TL)		×	√	√	√	×	√	×		√	√	√				
10	CATHERINE WANJIRU					√			√	√	√	√	√				

1. Overview

This report presents a comprehensive review of the hospital’s operational and financial performance over the past three financial years (2022/23 to 2024/25). It highlights key clinical metrics, revenue and expenditure trends, pending obligations, strategic initiatives, and risk mitigation strategies.

2. Clinical and Operational Performance

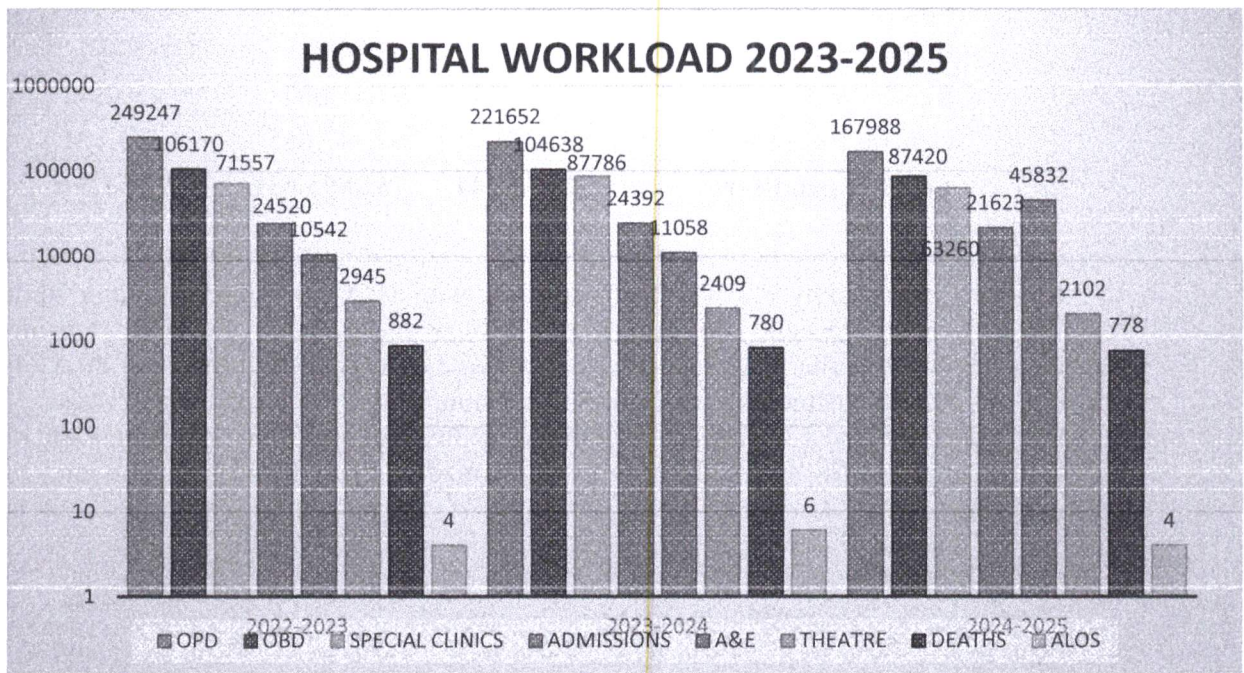
Hospital Workload Summary

Metric	2022/23	2023/24	2024/25
Outpatient (OPD)	249,247	221,652	167,988
Accident & Emergency	10,542	11,058	45,832
Special Clinics	71,557	87,786	63,260
Admissions	24,520	24,392	21,623
Theatre Procedures	2,945	2,409	2,102

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

Metric	2022/23	2023/24	2024/25
Average Length of Stay (ALOS)	4	6	4
Occupied Bed Days (OBD)	106,170	104,638	87,420
Deaths	882	780	778



The hospital experienced a steady decline in outpatient visits, admissions, and theatre procedures, possibly due to decentralization of services and improved outpatient care. The increased cost of living and introduction of SHA after NHIF was done away with by the government may have contributed to the decrease in patient turnover. However, accident and emergency attendance surged in 2024/25, indicating expanded emergency capacity or increased demand. Mortality rates declined consistently albeit marginally.

3. Financial Performance

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Revenue Sources

Revenue Source	2022/23	2023/24	2024/25
NHIF	147,412,400	167,602,994	37,671,600
SHA	–	–	140,066,296
Rendering Services	137,316,970	131,928,962	133,271,854
Total Revenue	284,729,370	299,531,956	311,009,750

Expenditure Breakdown

Expense Category	2022/23	2023/24	2024/25
Medical/Clinical Costs	182,936,975	261,667,866	154,296,986
Employee Costs	98,603,554	421,210,843	425,866,059
Board Expenses	2,318,000	625,000	878,500
Repairs & Maintenance	12,267,348	9,041,667	20,457,346
General Expenses	56,327,667	60,347,655	58,355,104
Total Expenditure	352,453,544	752,893,031	659,853,995

Revenue increased by 9% over the three years, with SHA emerging as a major contributor in 2024/25. NHIF revenue dropped significantly, while rendering services remained stable. Expenditure rose sharply, especially in employee costs, which quadrupled in 2024/25—this due to salary adjustments and staffing expansion. Repairs and maintenance nearly doubled, this is due to the near obsolescence of major medical equipment and the plants and machinery in the hospital. The hospital needs to modernize both medical and plants and machinery equipment

4. Pending Bills

Year	Amount (KES)
2022/23	369,934,816
2023/24	511,164,499
2024/25	522,542,727

Narrative Analysis:

Pending bills increased by 42% over the three years. The sharp rise in 2023/24 reflects delayed reimbursements and rising costs. Although the increase in 2024/25 was modest, the overall burden remains significant and may impact liquidity. The goodwill of our suppliers of goods and services to the hospital has sustained the services, though the hospital has experienced stockouts and downtimes of our equipment. Management is prioritizing debt restructuring and improved revenue collection to enable the hospital meet its debt obligations.

5. Statutory Compliance

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

The hospital remained compliant with most statutory obligations, including NHIF, SHA, KRA, treasury and Ministry of Health regulations. An external audit was conducted and yielded a qualified opinion.

6. Key Risks and Mitigation

Risk	-Mitigation Strategy
Declining NHIF revenue	-Diversify funding sources (e.g., SHA)
Rising wage bill	-Workforce optimization and performance-based incentives
Infrastructure strain	-Increased investment in maintenance and upgrades
Declining OPD attendance	-Community outreach and mobile clinics, UHC
Accumulating pending bills	-Strengthen financial controls and debt management

7. Strategic Projects and Partnerships

- 2023/24: Expansion of specialized clinics and digitization of patient records
- 2024/25: Launch of SHA partnership and emergency services upgrade
- Ongoing collaborations with county health departments and private partners to enhance service delivery and financial sustainability

8. Conclusion

Despite financial and operational challenges, the hospital demonstrated resilience and adaptability. Strategic investments, improved clinical outcomes, and diversified revenue streams have positioned the institution for sustainable growth. Continued focus on cost control, infrastructure development, and stakeholder engagement will be critical in the coming years.

11. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The facility is a public medical entity carrying out Curative, Promotive, Preventive and rehabilitative services. The facility is an ongoing entity that is envisioned to grow over time and continue offering diverse medical services.

ii) Environmental performance

The hospital maintains an efficient waste disposal management program with a high incineration capacity and is connected to the main sewer lines. It observes a high Infection prevention standard. The IPC committee is mandated in ensuring there is zero waste released to the environment.

iii) Employee welfare

The Hospital do conduct debriefing to members of staff. The hospital management do support members of staff by providing short term training and support them to attend annual scientific conferences. The facility is in the process of being OSHA certified.

iv) Market place practices-

a) Responsible competition practice.

The facility offers medical services to the neediest population of the community and hence observes a very slight margin on cost to ensure services and products are affordable to everyone. It also maintains a no corruption policy at all levels of service.

b) Responsible Supply chain and supplier relations

The hospital maintains a register of all pre-qualified suppliers who supply the hospital with all required inputs. The hospital strives to meet the payment demands against strained resources.

c) Responsible marketing and advertisement

The hospital carries out exit survey programs that provides feedback on quality of service being offered on a half year basis.

d) Product stewardship

The facility has a service charter that guides on quality and timeliness of services.

v) Corporate Social Responsibility / Community Engagements

The hospital carries out community engagements programs through enlightening the masses on medical issues. ie. Palliative Care, Youth Friendly Services, CCC, blood donation drives, medical camps and waivers to the needy and indigents in the society.

12. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of Naivasha Sub-County hospital are offering medical services.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 8

Board of Management

The members of the Board who served during the year are shown on page vi-viii. There were no changes to the composition of the board members during the year.

Auditors

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

By Order of the Board



.....
Name *Dr. WABU CUB*

Secretary to the Board

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

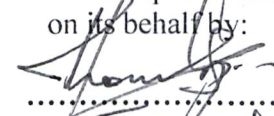
The Board of Management is responsible for the preparation and presentation of the Naivasha Sub-County Hospital financial statements, which give a true and fair view of the state of affairs of the Naivasha Sub- County Hospital for and as at the end of the financial year (period) ended on June 30, 2025. 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 Naivasha Sub-County Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

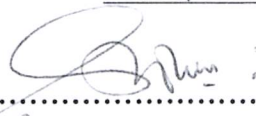
The Board of Management accepts responsibility for the Naivasha Sub-County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that Naivasha Sub-County Hospital financial statements give a true and fair view of the state of Naivasha Sub-County Hospital transactions during the financial year ended June 30, 2025, and of the Naivasha Sub-County Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Naivasha Sub-County Hospital, which have been relied upon in the preparation of the Naivasha Sub-County Hospital 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 OR Nothing has come to the attention of the Board of management to indicate that the Naivasha Sub-County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 19/08/2025 and signed on its behalf by:


.....
Name: J. P. M. O. R. I. T. A
Chairperson
Board of Management


.....
Name: DR. WAKUI C. W. B.
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIVASHA SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Naivasha Sub - County Level 4 Hospital – County Government of Nakuru set out on pages 1 to 57, which comprise of 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 the 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 Naivasha Sub - County Level 4 Hospital – County Government of Nakuru 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 Hospitals Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty Related to Going Concern

The statement financial position reflects current assets and current liabilities balances of Kshs.159,703,927 and Kshs.522,542,727 respectively, resulting to a negative working capital of Kshs.362,811,800. Further, the Hospital recorded a deficit of Kshs.57,867,460 for the year and accumulated deficit of Kshs.341,920,312 for the year ended 30 June, 2025. However, Management did not make any disclosure on the financial statements or in the Notes to the financial statements of the material fact that the Hospital may not continue as a going concern in the foreseeable future and the mitigating measures put in place to reverse the unsatisfactory situation. The Hospital is therefore technically insolvent and is dependent upon support from the County Government and its creditors.

In the circumstances, the Hospital may be unable to meet its short-term liabilities as and when they fall due.

2. Lack of Depreciation or Amortization Policy on Assets

The statement of financial performance and Note 18 to the financial statements reflect an amount of Kshs.15,017,308 in relation to depreciation and amortization expense. However, Management has not disclosed the adopted depreciation and amortization policy for property, plant and equipment and intangible assets.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amount of Kshs.15,017,308 for the period ending 30 June, 2025 could not be confirmed.

3. Unsupported General Expenses

The statement of financial performance and Note 21 reflect general expenses amounting to Kshs.58,355,104. The expenditure includes an amount of Kshs.1,151,800 related to

daily subsistence. However, review of records revealed that included in the daily subsistence allowance expenses are payments for security expenses totalling Kshs.729,000, paid directly to police officers deployed to the Hospital. This is contrary to Section 104(3) of the National Police Service Act, 2011 which provides that monies paid for the private use of the police as specified in the Act shall be paid to The National Treasury.

In addition, supporting evidence such as deployment letters, personal numbers, and approved daily rates or monthly rates payable to each security officer were not provided for audit verification. Further, the expenditure was wrongly charged under daily subsistence allowance instead of security expenses.

It was also observed that the Hospital procured fuel amounting to Kshs.2,471,118 from an oil company. However, procurement documents and contracts for supply of fuel were not provided for audit. In addition, the payments were not supported by supplier statements indicating drawn amounts for each vehicle.

In the circumstances, the accuracy and regularity of the security expenses totalling Kshs.3,200,118 for the period ended 30 June, 2025 could not be confirmed.

4. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,413,616,472 as disclosed in Note 32 to the financial statements. The balance includes land valued at Kshs.953,236,670 and buildings at a cost of Kshs.409,012,258. However, the Hospital did not maintain a fixed assets register which include key asset details such as location, condition, usage, acquisition date and the values of the various assets.

In addition, there were various assets which were not recorded in the asset inventory record including motor vehicles at a cost of Kshs.19,024,512, furniture, fittings and office equipment valued at Kshs.1,512,063, ICT equipment costing Kshs.4,260,897 and plant and medical equipment valued at Kshs.26,570,072. The Management did not provide evidence of physical verification or condition assessment of the Hospital's assets during the financial year.

In the circumstances, the accuracy, completeness and existence of the property, plant and equipment balance of Kshs.1,413,616,472 as at 30 June, 2025 could not be confirmed.

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital for the financial year 2024/2025 revealed that the following twelve (12) issues remained unresolved:

No.	Year	Audit Issue
1	2023/2024	Unsupported employee cost paid in kind
2	2023/2024	Unsupported casual wages to technical and non-technical
3	2023/2024	Unsupported PPE balances
4	2023/2024	Material uncertainty relating to going concern
5	2023/2024	Budgetary control and Performance
6	2023/2024	Noncompliance with reporting Template
7	2023/2024	Lack of approved tariff structure
8	2023/2024	Failure to transfer funds to County Revenue Fund
9	2023/2024	Noncompliance with requirement of Universal Health
10	2023/2024	Weal Internal Controls
11	2023/2024	Long outstanding trade Receivables
12	2023/2024	Long outstanding trade payables

Other Information

Management is responsible for the Other Information set out on page iii to xxxi which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in 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. Unapproved Waivers of Patient Bills

Review of records revealed that the Management waived patient bills amounting to Kshs.11,462,983 during the year under review. However, there was no evidence of approval of the waivers from the County Executive Member for Finance contrary to the law. This was contrary to Section 159 (1)(c) of the Public Finance Management Act, 2012 which states that the County Executive Committee member for finance may waive a county tax, fee or charge imposed by the County Government and its entities in accordance with criteria prescribed in regulations provided that - such waiver or variation has been authorized by an Act of Parliament or county legislation.

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

2. Lack of Approved Tariff Structure for Hospital Services

The statement of financial performance and Note 11 to the financial statements reflect rendering of services – medical services income amount of Kshs.311,009,750. Review of records revealed that although the Hospital collected revenue from patients for services offered, there was no evidence of approval of the price list or tariff used to charge for services rendered. This is contrary to Regulation 65(1) to (3) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall obtain approval from the County Treasury for the proposed tariff structure; and information on the tariff structure shall be disclosed in the annual report, including information on exemptions, discounts, free services and any other aspect of material influence on the revenue yield. The Hospital may be losing revenue due to irregular and unapproved pricing of services rendered to the public

In the circumstances, Management was in breach of law.

3. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed that Naivasha Sub County Level 4 Hospital collected an amount of Kshs.263,462,122 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.263,462,122 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.241,807,652 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.21,654,470. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

4. Irregular Procurement of Cleaning and Security Services

Review of documents revealed that an expenditure of Kshs.8,730,000 was incurred on procurement of cleaning services from a local supplier. However, procurement records indicated that the procurement process, award and signing of the contract was done by Nakuru County Executive's Department of Health Services. However, the Accounting Officer of the Hospital was not involved in the signing of the contract. No explanation was provided as to why the procurement department of the Hospital did not contract the suppliers directly thus the competitiveness of the procurement process could not be confirmed.

Further, an expenditure of Kshs.6,669,000 was incurred on procurement of security services from a local security firm. However, review of procurement records indicated that the procurement process and award of the contract was done by Nakuru County Department of Health Services through the Nakuru County Referral and Teaching Hospital. Review of the tender evaluation criteria revealed that the successful bidder should have been in existence for more than twenty (20) years. However, the winning bidder was incorporated on 29 June, 2021. No explanation was provided as to why the procurement department of the hospital did not contract the suppliers directly and liability to the county in-case of default thus the competitiveness of the procurement process could not be confirmed.

In addition, review of the contract for security services against monthly guard supervision lists indicated that two (2) guards who were allocated to two stations were not included in the contract document resulting to an unauthorized security expense of Kshs.480,000. Further, the actual average number of guard attendance per day was fifteen (15) instead of eighteen (18), as provided in the contract agreement, leaving some stations unguarded.

This is contrary to Section 56 (1) of the Public Procurement and Asset Disposal Act, 2015 which states that to identify qualified persons, a State organ or public entity may seek, in

writing, to use another State organ's, public entity's or regulated professional body's registration list of all registered persons in the category, provided that the list is valid and developed through a competitive process in accordance with the relevant provisions of this Act or, in the case of regulated professional bodies, developed through a process in accordance with relevant provisions of the legislation regulating the particular profession. Further, Sub-section 2 states that the State organ or public entity shall then subject the list, together with its own, where applicable, to the procedures in the Act.

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

5. Irregular Procurement of Non-Pharmaceuticals

The Hospital procured assorted non-pharmaceuticals from various suppliers under contract No.NCG/MOH/FA/GDS/02/2022-2025 for the supply and delivery of non-pharmaceuticals using framework agreements. Review of records, revealed that the contract was signed between the Nakuru County Referral and Teaching Hospital and selected suppliers on 16 October, 2023 for a period of one (1) year.

However, the following anomalies were observed;

- i. The bids documents submitted by the tenderers were not provided for audit verification.
- ii. Management did not provide any evidence that the requirements of the procurement law and regulations were followed for the use of the list of suppliers from Nakuru County Referral and Teaching Hospital.
- iii. Further, there was no explanation as to why the Hospital is using suppliers that are contracted by Nakuru County Referral and Teaching Hospital yet the Naivasha Sub County Hospital is an independent entity with its own Accounting Officer and a head of procurement unit.

This was contrary to Regulation 102(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall not procure using a framework agreement of another procuring entity except for those concluded under institutional frameworks prescribed in the Act and these Regulations.

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

6. Irregular Procurement of Food and Ration

The Hospital entered into a contract for supply and delivery of dry food and cereals under framework agreement with different suppliers for a period of two (2) years from 23 May, 2023. The tender was advertised, bids opened and evaluated by the Department of Health Services of Nakuru County Government. Several suppliers were evaluated on mandatory and technical requirements and were notified of their success. The suppliers were then selected after evaluation of bids under a mini competition by Naivasha County Referral Hospital.

Review of records revealed the following anomalies;

- i. Procurement records such as tender advertisement, tender opening minutes, tender evaluation and professional opinion relating to the tender that was done by the County Government of Nakuru were not provided for audit verification. In addition, there was no explanation provided as to why the tendering process was initiated by the County Government while the Hospital is an independent entity with its own Accounting Officer and a procurement unit. This was contrary to Section 78 (1) of the Public Procurement and Asset Disposal Act, 2015.
- ii. The head of the procurement function at the Hospital was not a member of the evaluation committee and therefore not the secretary to the committee as required. This was contrary to Regulation 29(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the person in charge of the procurement function shall be the secretary of the ad hoc evaluation committee.
- iii. The Hospital entered into framework agreements with the suppliers for supply of various food and ration items using a harmonized price. However, Management did not provide an explanation on how the harmonized prices were established or agreed upon.

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

7. Inadequacies in Implementation of Universal Health Care

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. This was due to staff deficits in the categories of Medical Officers and Anesthesiologists under staffing of health workers as shown in the table below;

Type of Coverage	Level 4 Standard	Available in the Hospital	Variance
Medical officers	16	9	7
Anesthesiologists	2	1	1
Resuscitaire (2 in labour ward and one in theatre)	3	1	2
Functional intensive care unit - Beds	6	2	4
High dependency Unit - Beds	6	0	6

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

In the circumstances, the Hospital ability to deliver on its mandate could not be confirmed.

8. Non-Compliance with the Law on Staff Ethnic Composition

Review of the payroll and human resources records revealed that the Hospital has one hundred and eighty-six (186) employees out of whom one hundred and sixteen (116) or 62% of the staff are from one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community as per the provided employee data base.

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

9. Long Outstanding Trade and Other Receivables

The statement of financial position reflects a balance of Kshs.122,040,179 in respect of receivables from exchange transactions as disclosed in Note 29 to the financial statements. Review of the aging analysis provided revealed that an amount of Kshs.48,262,456 or 29% of total debtors had been outstanding for more than one (1) year with a balance of Kshs.2,644,306 having been outstanding for more than three (3) years. Management did not provide explanations or evidence of the recovery efforts being made by the Hospital to ensure that all the debts are collected as expected. Further, the Hospital has not made provisions for bad or doubtful debts, contrary to prudent accounting practices.

In the circumstances, existence of effective management of outstanding receivables from exchange transactions totalling Kshs.48,262,456 as at 30 June, 2025 could not be confirmed.

10. Long Outstanding Trade and Other Payables Balances

The statement of financial position and Note 36 to the financial statements reflect trade and other payables balance of Kshs.522,542,727. Further, review of the aging analysis indicated that trade payables totalling Kshs.451,907,823 representing 86% of creditors had been outstanding for more than one (1) year including an amount of Kshs.250,877,720 which has been outstanding for over four (4) years with some dating back to the year 2020.

Further, the balance includes an amount of Kshs.1,003,412 in relation to employee dues. Despite Management's commitments to fully settle staff salaries and remit statutory deductions, there remained accrued salary payables amounting to Kshs.1,003,412 as at 30 June, 2025, indicating potential challenges in meeting payroll obligations which could result in penalties and litigation.

Management has not provided any evidence of measures the Hospital has taken to ensure that the long outstanding creditors balances are settled promptly as required.

In the circumstances, effective management of public resources could not be confirmed and the Hospital may incur additional and avoidable costs of interest and penalties due to the delay in settlement of the long outstanding balances.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weaknesses In Hospital Stores Management

1.1. Ineffective Stock Taking of Stores Items

Review of records revealed that the stock take reports were not dated and there were no records at the in-patient pharmaceutical store. However, there are drugs in the store which were not included in the annual stock take report.

1.2. Lack of Bin Cards

Further, there were no records such as the ledger/ bin cards for the non-pharmaceutical items in the Hospital's stores and there was no stock take report for the items.

1.3. Lack of Fire Fighting Equipment

During the audit inspection of the Hospital's stores it was observed that there was no firefighting equipment or appliances in all premises.

In the circumstances, the effectiveness of internal controls in relation to management of stores or inventories 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 Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

08 December, 2025

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	305,994,093	375,993,728
Grants from donors and development partners	8	-	
Transfers from other Government entities	9	-	
Public contributions and donations	10	-	
		305,994,093	375,993,728
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	311,009,750	299,531,956
Revenue from rent of facilities	12	-	
Finance /Interest Income	13	-	
Miscellaneous Income	14	-	
Revenue from exchange transactions		311,009,750	299,531,956
Total revenue		617,003,843	675,525,684
Expenses			
Medical/Clinical costs	15	154,296,986	261,667,866
Employee costs	16	425,866,059	421,210,843
Board of Management Expenses	17	878,500	625,000
Depreciation and amortization expense	18	15,017,308	8,975,941
Repairs and maintenance	19	20,457,346	9,041,667
Grants and subsidies	20	-	
General expenses	21	58,355,104	60,347,655
Finance costs	22	-	
Total expenses		674,871,303	761,868,972
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	(-)	
Gain on foreign exchange transactions		-	
Total other gains/(losses)		-	
Net Surplus / (Deficit) for the year		(57,867,460)	(86,343,288)

Waiver Treatment in the Financial Statements


During the year, a waiver was issued on certain outstanding obligations. The revenue from exchange transactions is exclusive of waiver.

However, in compliance with the relevant reporting framework and to ensure full transparency, the waiver has been **fully disclosed under Note No. 25** to the financial statements.


The Hospital's financial statements were approved by the Board on 19/08/2025 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No: 13505
 CHARITY MACHARIA



 DR. WAKVI CMB
 Medical Superintendent

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

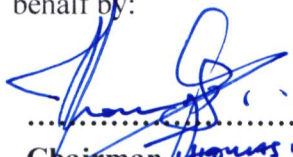
Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,307,686	86,336,105
Prepayments	28		
Receivables from exchange transactions	29	122,040,179	67,664,765
Receivables from non-exchange transactions	30	-	
Inventories	31	33,383,062	27,813,568
Total Current Assets		159,730,927	181,814,438
Non-current assets			
Property, plant, and equipment	32	1,413,616,472	1,427,927,021
Intangible assets	33		
Investment property	34	-	
Biological Assets	35		
Total Non-current Assets		1,413,616,472	1,427,927,021
Total assets (A)		1,573,347,399	1,609,741,459
Liabilities			
Current liabilities			
Trade and other payables	36	522,542,727	511,587,779
Refundable deposits from Patients/Prepayments	37	-	
Provisions	38	-	
Finance lease obligation	39	-	
Current portion of deferred income	40	-	
Current portion of borrowings	41	-	
Total Current Liabilities		522,542,727	511,587,779
Non-current liabilities			
Provisions	38	-	
Non-Current Finance lease obligation	39	-	
Non-Current portion of deferred income	40	-	
Non - Current portion of borrowings	41	-	

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Service concession Arrangements	42	-	
Total non-current liabilities		-	
Total Liabilities (B)		522,542,727	511,587,779
Net assets (A-B)		1,050,804,672	1,098,153,680
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		(341,920,312)	(284,052,852)
Capital Fund		1,392,724,984	1,382,206,532
Net Assets		1,050,804,672	1,098,153,680

(The notes on pages 10 to 43 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 19/08/2025 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No: 13505
 CHARITY MACHARIA



 DR. WAKVI CUK B
 Medical Superintendent

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)		(197,709,564)		(197,709,564)
Revaluation gain				
Surplus/(deficit) for the year		(86,343,288)	1,382,206,532	1,295,863,244
Capital/Development grants				
As at June 30, 2024 (previous year)		(284,052,852)	1,382,206,532	1,098,153,680
At July 1, 2024 (current year)		(284,052,852)		(284,052,852)
Revaluation gain				
Surplus/(deficit) for the year		(57,867,460)	1,392,724,984	1,334,857,524
Capital/Development grants				
At June 30, 2025 (current year)		(341,920,312)	1,392,724,984	1,050,804,672

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	
Grants from donors and development partners		-	
Transfers from other Government entities		-	
Public contributions and donations		-	
Rendering of services- Medical Service Income		241,807,652	289,794,214
Revenue from rent of facilities		-	
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	
Total Receipts		241,807,652	289,794,214
Payments			
Medical/Clinical costs		105,733,882	78,735,453
Employee costs		132,749,898	124,185,987
Board of Management Expenses		878,500	408,000
Repairs and maintenance		19,201,596	6,963,575
Grants and subsidies		-	
General expenses		56,727,038	45,446,881
Finance costs		-	
Refunds paid out		-	
Total Payments		315,290,914	255,739,896
Net cash flows from operating activities	43	(73,483,262)	34,054,318
Cash flows from investing activities			
Purchase of property, plant, equipment		(8,145,157)	(11,469,346)
Purchase of intangible assets		(400,000)	
Proceeds from the sale of PPE		-	
Acquisition of investments		(-)	
Net cash flows used in investing activities		(8,545,157)	(11,469,346)
Cash flows from financing activities			
Proceeds from borrowings		-	
Repayment of borrowings		(-)	
Capital grants received		-	

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Net cash flows used in financing activities		(-)	
Net increase/(decrease) in cash and cash equivalents		(82,028,419)	
Cash and cash equivalents as at 1 July 2024	27	86,336,105	59,019,154
Cash and cash equivalents as at 30 June 2025	27	4,307,686	86,336,105

REVENUE RECONCILIATION – FY 2024/2025

A. System Component Adjustments (SHA & NHIF)

Revenue Category	Initial Posting (KSh)	Revised Posting (KSh)	Movement (KSh)
SHA	140,066,296	135,237,503	(4,828,793)
NHIF	37,671,600	35,424,400	(2,247,200)
Cash	133,271,854	133,271,854	0
TOTAL	311,009,750	303,933,757	(7,075,993)

B. Reconciliation Items (CASH)

Description	Adjustment (KSh)	Direction	Revised Balance (KSh)
Corrected System Balance (A Total)	303,933,757	—	303,933,757
Add: NHIF Capitation received in bank but not posted in system	13,052,320	↑	316,986,077
Add: Flower-farm revenue received in bank but not in system	2,718,911	↑	319,704,988
Less: Revenue posted in system but not in bank (CIFOMS)	(23,521,912)	↓	296,183,076

REVENUE POSITION	296,183,076
Less; increase in receivables	(54,375,424)
FINAL RECONCILED REVENUE POSITION	<u>241,807,652</u>

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

RECONCILIATION BETWEEN PERFORMANCE EXPENSES AND CASHFLOW PAYMENTS

Item	Treatment	Amount (KShs)
Total Expenses – Performance (accrual)	Starting point	674,871,303
Less: Depreciation (non-cash)	Included in Performance not Cashflow	(15,017,308)
Less: Salary for Permanent (Paid by government not facility)	Included in Performance	(292,529,549)
Less: Payables accrued this year (unpaid)	Included in Performance not Cashflow	(69,496,361)
Add: Payables paid this year (prior year obligations)	Paid in Cashflow not current Performance	+30,927,737
Less: Donations included in Performance but not Cashflow	Non-cash/non-payment item	(13,464,544)
= Total Payments – Cashflow	Closing balance	<u>315,290,914</u>

EXPLANATION OF CASHFLOW, BUDGET AND PERFORMANCE

Cashflow reflects only the actual payments made during the year, including any arrears settled that relate to previous financial years, because it reports cash movements regardless of the period the expense belongs to.

The budget, on the other hand, records planned allocations and recognizes pending bills as a separate item under its own vote.

Performance reflects the true cost of the financial year by including all expenses attributable to the year, both the amounts paid and any arrears or obligations that remain unpaid by the end of the period.

TREATMENT OF PPE IN CASHFLOW, BUDGET AND FINANCIAL PERFORMANCE

In the cashflow statement, the purchase of PPE is recorded under investing activities, reflecting the actual cash outflow for acquiring the asset. In the budget, PPE is included under the development or capital budget, showing the planned allocation for acquisition. For financial performance, the full cost of PPE is not expensed immediately; instead, the asset is capitalized, and only depreciation is recorded as an expense.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation of
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	454,039,755	-	454,039,755	241,807,652	212,232,103	53%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	%
Total receipts	454,039,755	-	454,039,755	241,807,652	212,232,103	53%
Payments						
Medical/Clinical costs	148,500,000.00	-	148,500,000.00	82,281,844	66,218,156.00	55%
Employee costs	134,363,640.00	-	134,363,640.00	132,333,098	2,030,542.00	98%
Remuneration of directors	2,000,000.00	-	2,000,000.00	878,500	1,121,500.00	44%
Repairs and maintenance	21,476,966	-	21,476,966	18,585,746	2,891,220.00	87%
Grants and subsidies		-	-	-	-	-
General expenses	68,809,080.00	-	68,809,080.00	50,284,353	18,524,727.00	73%
Finance costs		-	-	-	-	-
Pending bills	57,890,069.00	-	57,890,069.00	30,927,373	26,962,696.00	53%
Refunds		-	-	-	-	-
Total Operational Expenditure paid	433,039,755.00		433,039,755.00	315,290,914.00	117,748,841.00	73%

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

Annual Report and Financial Statements for The Year Ended 30th June 2025

Capital Expenditure	21,000,000	-	21,000,000	8,545,157	12,454,843.00	41%
Surplus	0.00	-	0.00	(82,028,419.00)	(82,028,419.00)	

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

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget notes

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

:

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	XX
2	Reason for differences	XX
3	Reason for differences	XX
4	Reason for differences	XX
	Closing Cash and Cash Equivalent as per the statement of Cash flows	XXX

20. Notes to the Financial Statements

1. General Information

Naivasha Sub-County Hospital entity is established by and derives its authority and accountability from PFM, Act 2012. The Naivasha Sub-County Hospital is wholly owned by the Nakuru County Government and is domiciled in Kenya. Naivasha Sub-County Hospital's principal activity is provision of health care.

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 Naivasha Sub-County Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Naivasha Sub-County Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector</p>

Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the Naivasha Sub-County Hospital 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 Naivasha Sub-County 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

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 24/25 was approved by Board on 02/07/2024. 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 Naivasha Sub-County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Naivasha Sub-County Hospital recorded additional appropriations of NIL on the FY 24/25 budget following the Board's approval. The Naivasha Sub-County Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged as to write off the asset during the estimated useful life, using the reducing balance method. Assets acquired during the year attract depreciation charged prorata to the time procured. The management used the general-guidelines on asset and liability management in the public sector(2020)

- **Land:** Not depreciated.
- **Buildings and Civil Works:** 2% per annum (0.5% per quarter), reducing balance method.
- **Motor Vehicles:** 10% per annum (2.5% per quarter), reducing balance method.
- **Furniture, Fittings, and Office Equipment:** 12.5% per annum (3.125% per quarter), reducing balance method.
- **ICT Equipment:** 30% per annum (7.5% per quarter), reducing balance method.
- **Plant and Medical Equipment:** 12.5% per annum (3.125% per quarter), reducing balance method.

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

Naivasha Sub-County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

Naivasha Sub-County Hospital 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, Naivasha Sub-County Hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

Naivasha Sub-County Hospital 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. Naivasha Sub-County Hospital recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities
Classification

Naivasha Sub-County Hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

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

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

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

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

l. Provisions

Provisions are recognized when Naivasha Sub-County Hospital 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 Naivasha Sub-County 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.

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. Naivasha Sub-County Hospital 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 Naivasha Sub-County Hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

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

o. Contingent assets

Naivasha Sub-County Hospital 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 Naivasha Sub-County Hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

Naivasha Sub-County Hospital creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

Naivasha Sub-County 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.

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

Naivasha Sub-County Hospital 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 Naivasha Sub-County Hospital or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Naivasha Sub-County 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 Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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).

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	Comparative Period KShs
Nakuru County Government	-	-	-	-	-
Total	-	-	-	-	-

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	292,529,549	296,601,576
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	13,464,544	79,392,152
Utility bills	-	-
Total grants in kind	305,994,093	375,993,728

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

(Provide brief explanation for this revenue)

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

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

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	5,963,237	6,091,720
Non-Pharmaceuticals		
Laboratory	28,264,936	28,835,763
Radiology	17,923,762	15,464,530
Orthopedic and Trauma Technology	281,735	107,300
Theatre		
Accident and Emergency Service		
Administration	2,909,883	4,272,500
Anesthesia Service		
Ear Nose and Throat service	88,500	26,100
Eye Clinic	451,351	480,800
Nutrition service		
Cancer centre service		
Inpatient	37,731,436	36,191,799
Incinerator fee	214,400	404,900
Outpatient	7,293,901	7,629,615
Plaster	3,898,900	4,770,784
Occupational therapy	198,800	225,500
Dental services	1,731,300	2,036,700
Physiotherapy	787,835	591,401
Records	16,780,751	16,089,350
Reproductive health	26,671	
Paediatrics services		
Farewell home services	8,724,456	8,710,200
Ambulance services		
NHIF inpatient and Outpatient	37,671,600	167,602,994
Other medical services income (<i>specify</i>)	140,066,296	
SHA		
Total revenue from the rendering of services	311,009,750	299,531,956

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	-	-

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Dental costs/ materials	-	
Laboratory chemicals and reagents	11,585,982	15,323,342
Public health activities		
Food and Ration	17,572,915	20,339,879
Uniform, clothing, and linen	1,806,000	3,403,750
Dressing and Non-Pharmaceuticals	40,250,729	59,115,177
Pharmaceutical supplies	56,769,303	145,488,463
Health information stationery	5,353,375	4,720,095
Reproductive health materials		
Sanitary and cleansing Materials	4,826,868	3,238,644
Purchase of Medical gases	11,762,419	3,439,961
X-Ray/Radiology supplies	4,369,395	6,598,556
Other medical related clinical costs (<i>specify</i>)		
Total medical/ clinical costs	154,296,986	261,667,866

16. Employee Costs

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Salaries, wages, and allowances	416,424,995	421,210,843
Contributions to pension schemes	9,441,064	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	425,866,059	421,210,843

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	878,500	625,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	878,500	625,000

18. Depreciation and Amortization Expense

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Property, plant and equipment	15,017,308	8,975,941
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	15,017,308	8,975,941

19. Repairs And Maintenance

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Property- Buildings	7,546,449	2,396,908
Medical equipment	3,674,240	2,232,772
Plant and equipment	6,456,201	3,246,301
Furniture and fittings	739,558	739,558
Computers and accessories	1,058,940	731,300
Motor vehicle expenses	981,958	369,695
Maintenance of civil works		
Total repairs and maintenance	20,457,346	9,716,534

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	353,574	839,188
Waste management expenses		
Insecticides and rodenticides	150,000	100,000
Audit fees		
Bank charges	50,000	54,545
Conferences and delegations		
Consultancy fees		
Contracted services	19,050,000	18,665,708
Electricity expenses	17,811,479	19,455,898
Fuel and Lubricants	2,771,036	4,199,999
Other Fuel	1,407,000	2,063,600
Insurance		
Research and development expenses		
Travel and accommodation allowance	2,269,280	4,462,640
Daily Subsistence	1,151,800	
Legal expenses		
Licenses and permits		
Courier and postal services	68,773	35,337
Printing and stationery	3,020,751	2,343,274
Hire charges		
Rent expenses		

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Water and sewerage costs	8,036,730	6,243,263
Skills development levies		
Telephone and mobile phone services	545,400	458,000
Internet expenses	664,840	602,904
Staff training and development	910,100	823,300
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
House hold appliances	94,341	
Total General Expenses	58,355,104	60,347,655

22. Finance Costs

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	8,042,802	-
Total Gain/Loss	8,042,802	-

26. Impairment Loss

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Current accounts	4,307,686	86,336,105
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	4,307,686	86,336,105

Notes to the Financial Statements (Continued)

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

Description		2024-2025 FY	2023-2024 FY
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1156232961	36,245,944	91,142,935
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		36,245,944	91,142,935

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	122,040,179	67,664,765
Rent receivables		
Other exchange debtors		
Less: impairment allowance	(-)	(-)
Total receivables	122,040,179	67,664,765

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	73,777,723	60%	42,590,900	63%
Between 1- 2 years	33,581,000	28%	12,301,925	18%
Between 2-3 years	12,037,150	10%	8,190,800	12%
Over 3 years	2,644,306	2%	4,581,140	7%
Total (a+b)	122,040,179	100%	67,664,765	100%

30. Receivables From Non-Exchange Transactions

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Pharmaceutical supplies	8,706,708	13,790,700
Non-Pharmaceuticals	18,470,314	8,555,914
Laboratory	2,285,427	5,466,944
X-ray	96,580	
Maintenance supplies		
Food supplies	97,613	
Linen and clothing supplies	1,775,380	
Cleaning materials supplies		
General supplies	488,354	
Printed Medical Documents	1,462,687	
Less: provision for impairment of stocks	(-)	
Total	33,383,063	27,813,568

Detailed disclosure on inventories

	2024-2025 FY	2023-2024 FY
Opening balance	27,813,568	-
Additional Inventory in the year	5,569,495	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	33,383,063	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

32. 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
Cost									
At 1 July 2023 (previous year)	953,236,670	419,802,175	21,500,000	1,481,120	3,263,893	16,172,517			1,415,455,375
Additions	-	1,000,300	-	-	1,407,144	10,062,202	-	-	12,469,646
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	-	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2024	953,236,670	420,802,475	21,500,000	1,481,120	4,671,037	26,234,719			1,427,926,021
At 1 July 2024 (current year)	953,236,670	417,295,788	21,052,082	1,295,980	3,114,180	22,955,379			1,418,950,080
Additions	-	-	-	382,600	2,318,650	6,982,450	-	-	9,683,700
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2025	953,236,670	417,295,788	21,052,082	1,678,580	5,432,830	29,937,829			1,428,633,780
Depreciation and impairment									

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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 2023 (previous year)		-	-	-	-	-	-	-	-
Depreciation for the year		3,506,687	447,917	185,140	1,556,857	3,279,340	-	-	8,975,941
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024 (current year)		-	-	-	-	-	-	-	-
Depreciation		8,283,530	2,027,570	166,517	1,171,933	3,367,757	-	-	15,017,308
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-	-	-	(-)
At 30th June 2025		-	-	-	-	-	-	-	-
Net book values									
At 30 th June 2024 (previous)	953,236,670	417,295,788	21,052,082	1,295,980	3,114,180	22,955,379			1,418,950,080
At 30 th June 2025 (current)	953,236,670	409,012,258	19,024,512	1,512,063	4,260,897	26,570,072	-	-	1,413,616,472

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Cost		
At beginning of the year	400,000	-
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
At end of the year	400,000	-
		-
Amortization and impairment		-
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	400,000	-

34. Investment Property

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	(-)	(-)
Impairment	(-)	(-)
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.

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024-2025 FY		2023-2024 FY	
	KShs		KShs	
Trade payables	521,539,315		511,164,499	
Employee dues	1,003,412		423,280	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	522,542,727		511,587,779	
Ageing analysis:	2024-2025 FY	% of the Total	Comparative FY	% of the total
Under one year	70,634,904	14%	168,161,817	33%
1-2 years	127,524,106	24%	87,823,922	17%
2-3 years	73,505,997	14%	199,964,555	39%
Over 3 years	250,877,720	48%	55,637,485	11%
Total	522,542,727	100%	511,587,779	100%

37. Refundable Deposits from Customers/Patients

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	-
Total deposits	-	-
	-	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Ageing analysis:	2024-2025 FY	% of the Total	2023-2024 FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	(-)	(-)	(-)	(-)
Transfers to statement of financial performance	(-)	(-)	(-)	(-)
Other transfers (<i>Specify</i>)	(-)	(-)	(-)	(-)
Balance C/F	-	-	-	-

41. Borrowings

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

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

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Surplus for the year before tax	(57,867,460)	-
Adjusted for:		
Depreciation	15,017,308	-
Settlement of payables by County (non-cash)	(18,356,850)	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	(5,569,494)	-
Increase in receivables	(54,375,414)	-
Increase in deferred income	-	-
Increase in payables	10,954,948	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	(73,483,205)	-

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

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)	-	-	-	-
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)

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (2025 – KShs xxx).

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
	-	-
b) Grants from the Government	-	-
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
	-	-
c) Expenses incurred on behalf of related party	-	-
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
	-	-
d) Key management compensation		
Directors' emoluments	-	-

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

46. Segment Information

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

47. Contingent Liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

48. Capital Commitments

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

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

Naivasha Sub-County Hospital is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Nakuru.

51. Currency

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

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

21. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unsupported Employee Costs Paid in Kind by Nakuru County Executive	The hospital management had not received the employee costs for the year 2023-2024 but has received for 2024 - 2025 period.	Resolved	Resolved
	Unsupported Payments to Technical, Non-Technical and Casual Employees	The hospital does not have an IPPD system to maintain the data in a single document. Further, we keep records of all employees and the hospital has implemented the personal details capture.	Resolved	
	Unsupported Property, Plant and Equipment Balance	The Hospital has been in pursuant to acquiring the ownership documents and has undertaken the processes the	Not resolved	

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved) / Not	Timeframe: (Put a date when you expect the issue to be resolved)
		acquisition process through the county DOHS.		
	Material Uncertainty Related to Sustainability of Services	The management has requested the Department of Health services to assist to in meeting some of the recurrent expenses especially on human resource expenses which consumes almost 50% of hospital revenue. The hospital revenue is highly committed to meeting human resource expenses and thus affecting settling of other dues.	Not resolved	
	Budgetary Control and Performance	Hospital Management did not have an approved budget but provided for audit review budgets extracts from their Hospital Management team quarterly meetings which were not consolidated into annual budgets	Resolved	
	Unresolved Prior year Matters	Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not explained how the issues were addressed or resolved or fully disclosed the progress on follow	Resolved	

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved) / Not	Timeframe: (Put a date when you expect the issue to be resolved)
		up on prior year auditor's recommendations in Annex 1 to the financial statements as required by the recommended reporting template.		

Guidance Notes:

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



Accounting Officer

DR. WAKU CUB

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

NAIVASHA SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related expenditure (response/recovery/mitigation/preparedness)	Activity that reporting	Expenditure item	Amount (Kshs.)	Comments

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