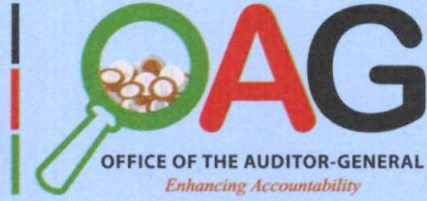


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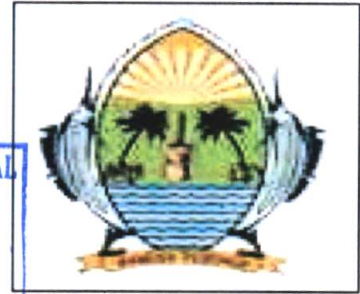
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GEDE SUB – COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KILIFI

13



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# **GEDE SUB COUNTY Level 4 HOSPITAL (Kilifi County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
GSCH	Gede Sub-county hospital
HMB	Hospital Management Board
HMT	Hospital Management Team
HSIF	Hospital Services Improvement Fund
FIF	Facility Improvement Fund
GOK	Government of Kenya

## **2. Key Entity Information and Management**

### **(a) Background information**

Gede Sub county Hospital is a level 4 hospital established under gazette notice number 6340 and is domiciled in Kilifi County under the Health Department. The hospital is governed by a Board of Management. Gede Sub county Hospital (GSCH) has been in existence for more than two decades having been established in the early 1980s to cater for the health needs of the community at the town of Gede. Since then it has grown from a dispensary to a health centre and is currently a Sub county hospital serving the extreme Kilifi North Sub-County.

The hospital having been commissioned in 1987, has seen a lot of development by the Kenyan government, County government and partners providing more funds to improve the in-patient and outpatient facilities to its present state. GSCH has had an eventful history, which continues to influence its present status.

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

The principal activity/mission/ mandate of the hospital is to provide effective leadership and participate in the provision of quality health care services that are accessible, acceptable, sustainable and equitable to the population of Kilifi County and beyond.

The vision of the hospital is to provide a healthy and productive population in Kilifi County.

### **(c) Key Management**

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

- County Department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team (HMT)





### **(d) Fiduciary Management**




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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Medical Superintendent	Elijah Bidii

*Gede Sub county Hospital (Kilifi County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

No.	Designation	Name
2.	Health Administrative Officer	Zuma Bimba
3.	Fund Administrator	Racheal Bahati
4.	Head of Nursing services	Emmah Bahati
5.	Head of finance	Fredrick Mumba
6.	Head of supply chain	Mwatata Mwachiro
7.	Hospital Accountant	Robert Kengah

Name	Details of qualifications and experience
1. Mr. Elijah Bidii 	A Clinical Officer with over 11 years of practice and five years in senior management. Holds a Diploma in Clinical Medicine and Surgery.
2. Mr. Zuma Bimba 	A Clinical Officer with over 8 years of practice. Holds a Diploma in Clinical Medicine and Surgery. A Bsc in Health systems Management and Msc in Leadership and Governance.
3. Ms Emmah Bahati 	A Nursing Officer with over 36 years' experience currently serving as the Nursing Officer in charge. Holds a Diploma in Nursing from KMTC Thika and Bsc in CHP from Amref university.
4. CPA Racheal Bahati 	A Senior Accountant with more than 12 years' professional experience. She holds a Bachelor's of Commerce (Accounting) from The University of Nairobi and also a Certified Public Accountant (CPA).She also holds an MBA from the University of Nairobi.

<p>5. CPA Fredrick Mumba</p> 	<p>A Certified Public Accountant (CPA-K) with more than 11 years' experience. He holds a Masters of Business Administration (Finance Major). He has a</p>
	<p>strong background in Tax and Tax health checks and Internal control systems.</p>
<p>6. Mr Robert Kengah</p> 	<p>An Accountant with more than seven years' experience. Holds a Bachelor's of Commerce degree in Finance and Banking from Africa Nazarene University, CPA part II, ongoing MBA (Operations management) from University of Nairobi.</p>
<p>7. Mr Mwatata Mwachiro</p> 	<p>A Procurement Officer with more than seven years' experience. Holds a Diploma in Supply Chain Management from KCA University.</p>

**(e) Fiduciary Oversight Arrangements**

The fiduciary oversight is done by:

**i. The County Assembly**

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government; it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

**ii. The Controller of budget**

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that it's authorized by law.

**iii. County Executive Committee**

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

**iv. Internal Audit Department**

The Internal Audit Department of the County Government of Kilifi ensures that the internal controls exist and are adhered to. The Internal Audit reports to the County Audit Committee.

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

**(f) Entity Headquarters**

P.O. Box 85-80208  
Gede, Kilifi

**(g) Entity Contacts**

Telephone: (+254) 755 111 692  
E-mail: [gedesubcountyhospital@gmail.com](mailto:gedesubcountyhospital@gmail.com)

**(h) Entity Bankers**

Cooperative Bank  
Account Name: KCG Gede Sub-County Hospital HSIF  
Account No: 01141654805100

**(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**

Kilifi Plaza  
Hospital Road  
P.O. Box 519-80108  
Kilifi, Kenya




### 3. The Board of Management

Ref	Name	Details
1	Dr. John Mtsumi 	A Medical graduate and holds a MBCHB from University of Nairobi. He currently serves as the Chairman of the Board.
2	Mr. Douglas Ruwa 	A Certified Public Accountant (CPA-K). He currently serves as the Vice Chair of the Board.
3	Mr. Elijah Bidii 	A Clinical Officer by profession. Holds a Diploma in Clinical Medicine and Surgery. He currently serves as the Secretary to the Board.
4	Mrs. Zafarani Chishenga 	Holds a Diploma in Education and Management. She currently serves as a member of the Board.
5	Mr. Dennis Ngenja 	Holds a leadership course from the Asian rural institute in Japan. He currently serves as a member of the Board.

6	<p>Ms. Sara Dama Lughanje</p> 	<p>Holds a Diploma in County governance and ethics. She currently serves as a member of the Board.</p>
7	<p>Mr. Obadiah Manjewa</p> 	<p>Holds a Certificate in Banking. He currently serves as a member of the Board.</p>
8	<p>Dr. Francis Fondo</p> 	<p>Holds a PhD in Business administration. He currently serves as a member of the Board.</p>
9	<p>Mr. James Katana</p> 	<p>Holds a Diploma in Accounting. He currently serves as a member of the Board.</p>

**4. Key Management Team**

Ref	Name	Position
1	Elijah Bidii 	Medical Superintendent
2	Zuma Bimba 	Health Administrative Officer
3	Emmah Bahati 	Head Nursing Services
4	Thomas Karanja 	Public Health Officer in Charge
5	Robert Kengah 	Accountant
6	Brian Ndaya 	HTS/CCC In charge
7	Justine Mgandi 	Laboratory In charge

8	<p>Samson Shume</p> 	Pharm tech
9	<p>Aggrey Mbela</p> 	Health Records and Information Officer
10	<p>Driscillah Nyatta</p> 	Nutritionist In charge

## **5. Chairman's Statement**

Gede Sub-County Level 4 Hospital operates within a complex and dynamic socio-economic and political environment. Understanding this environment is essential for effective strategic positioning-allowing the hospital to seize emerging opportunities and mitigate potential threats. Central to this operating environment is government policy. As a public health institution, the hospital is governed by policy and regulatory frameworks established by the Ministry of Health (MoH) and the County Department of Health Services.

### **Mandate and Strategic Role**

Gede Sub-County Hospital's core mandate is to provide curative, preventive, promotive, and rehabilitative healthcare services. The hospital offers specialized clinical services across various disciplines and serves as:

- A training ground for nursing students and healthcare professionals
- A hub for healthcare research
- A Centre of excellence in healthcare delivery

In fulfilling its constitutional mandate, the hospital aligns its operations with the Government of Kenya (GoK) Health Sector Strategic Plan, translating national health priorities into actionable implementation at the local level. This is guided by the hospital's strategic framework, which includes its vision, mission, organizational values, and goals.

### **Key Strengths**

Gede Sub-County Hospital leverages several core strengths to deliver quality health services and maintain a competitive edge:

- Highly skilled health workforce
- Strategic physical location
- Affordable (price leadership) healthcare services
- Strong community linkages
- Robust collaborations with stakeholders and the Department of Health

Maximizing these strengths is crucial for enhancing service delivery and achieving long-term sustainability.

### **Challenges**

Despite its strengths, the hospital faces significant challenges that hinder optimal service delivery:

- Under-staffing
- Lack of an integrated Electronic Medical Records (EMR) system
- Obsolete and inadequate medical equipment and tools
- Insufficient security surveillance infrastructure

Addressing these challenges is a priority to improve service efficiency and enhance patient outcomes.

#### Future Development Plans

To expand capacity and enhance healthcare delivery, Gede Sub-County Hospital plans to:

- Re-paint/face lift of the old and dilapidated infrastructure
- Introduce 24-hour laboratory services
- Construct an ultra-modern Outpatient block that houses the Emergency unit
- Construct a modern maternity unit and newborn care unit
- Develop a fully functional theatre
- Launch a radiology department

These initiatives are aligned with the hospital's long-term vision of delivering high-quality, accessible, and affordable healthcare services to the population

#### Financial Statements for FY 2024/2025

It is against this framework that I am pleased to present the Gede Sub-County Hospital Financial Statements for the fiscal year ending 30th June 2025. These statements reflect the financial performance and utilization of the Health Services Improvement Fund (HSIF), with a focus on ensuring the delivery of affordable and quality healthcare services to our clients and the broader community.

  
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**Name: Dr. John Mtsumi**

**Chairman to the Board**

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

### **Background**

Established in the mid-1980s as a dispensary, Gede Sub County Hospital has evolved into a Level IV facility, serving the healthcare needs of the Gede community and the wider Kilifi County. With a catchment population of approximately 21,570 from Dabaso Ward and extending into other wards of Kilifi North, the hospital plays a pivotal role in providing accessible healthcare in the region.

Over the years, the hospital has seen significant development through government and development partner support. Initially focused on curative and rehabilitative care, the hospital now also provides preventive and promotive health services. It has expanded its scope to include specialized clinical services, training for medical students and health workers, and serves as a hub for healthcare-related research activities. Currently, the hospital operates with a workforce of more than 32 staff members, encompassing both technical and non-technical roles.

### **Financial Overview**

#### **Revenue Performance**

In the 2024/2025 financial year, the hospital recorded notable improvement in revenue generation compared to the 2023/2024 period. While the previous year's data offers limited comparability—due to the impact of COVID-19 and the commencement of user fees on October 17, 2022—current performance reflects significant recovery and growth. Key revenue drivers included:

- Pharmacy Department
- Laboratory Services
- Maternity Services
- Outpatient Department

The transition from free services (as an isolation center during the pandemic) to standard billing has notably contributed to this financial rebound.

#### **Expenditure Highlights**

Total expenditure during the period amounted to Kshs. 4,449,433, representing 99.8 % of the total approved budget—a reflection of high utilization and disciplined financial management. Major expenditure areas included:

- Casual wages and salaries
- Maintenance of non-residential buildings
- General operational expenses

#### **Key Achievements**

The hospital, under the guidance of the Hospital Management Board (HMB) and Hospital Management Team (HMT), has realized several milestones:

**Gede Sub county Hospital (Kilifi County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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- **Revenue Growth:** Significant improvement following the resumption of paid services.
- **Infrastructure Development:** Renovation of the entire Hospital infrastructure including Comprehensive Care Clinic block, Outpatient Department, and MCH block (Maternal and Child Health) block, thus enhancing service delivery.
- **Improved Service Utilization:** Notable increase in maternity deliveries under the Social Health Authority- SHA services and overall patient workload, indicating growing trust and reliance on hospital services.

### Challenges

Despite the progress, the hospital continues to face several challenges viz:

- **Financial Constraints:** Limitations in available funding hinder further expansion and modernization.
- **Human Resource Gaps:** The current staffing level remains inadequate relative to the growing patient population.
- **Additional Infrastructure:** More buildings are needed to house more departments e.g, Radiology department to offer a wider range of services.
- **Technological Adaptation:** Keeping pace with modern healthcare technology remains a priority and challenge.


### Looking Ahead

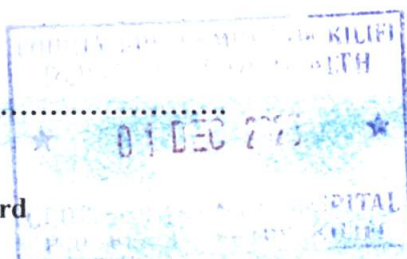
A key strategic focus for Gede Sub County Hospital is modern technology transformation. Embracing digital solutions, such as Electronic Medical Records (EMR), will enhance operational efficiency, improve patient experience, and support data-driven decision-making.

We aim to collaborate with development partners and research institutions to address our challenges through evidence-based solutions. Through innovation, research, and stakeholder engagement, we are committed to elevating the standard of healthcare in our region.

### Appreciation

We extend our heartfelt gratitude to the Ministry of Health, the County Government of Kilifi, development partners, hospital management, staff, and all stakeholders for their unwavering support. Your commitment has been instrumental in helping us achieve these milestones. We look forward to your continued partnership as we pursue our goals in the 2025/2026 financial year.

  
Name: **Elijah Bidii**  
Secretary to the Board



## 7. Statement of Performance Against Predetermined Objectives

Gede Sub-County Hospital develops its annual work plans based on the below 4 pillars/Themes/Issues.

1. Service Quality Management
2. Human resource for health
3. Management of hospital infrastructure
4. Development of a strategic Integrated Health Management Information System

Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the period FY 2024/2025 as indicated in the table below:

<b>Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Service Quality delivery</b>	<ul style="list-style-type: none"> <li>• To Enhance customer care services</li> </ul>	<ul style="list-style-type: none"> <li>• Presence of a Grievance Redress Committee</li> <li>• Presence of a 24hr customer care desk</li> <li>• Presence of a customer complaints and status register</li> </ul>	<ul style="list-style-type: none"> <li>• Implementin g a Customer Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• A customer desk introduced at outpatient, at the entrance</li> <li>• Suggestion/complains box installed in key areas of the hospital</li> </ul>
	<ul style="list-style-type: none"> <li>• Enhance Continuous Quality Improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Number of meetings for the Facility's Stakeholders Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthenin g the Engagement and Coordination of Hospital Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Several Meetings Held</li> <li>• Several stakeholders Identified</li> </ul>

	<ul style="list-style-type: none"> <li>To gauge level of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Number of Implemented Open Days</li> <li>Number of customer satisfaction surveys conducted</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening Community Involvement /Public Participation in Health Services Delivery</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey conducted</li> <li>90% Achievement</li> </ul>
	<ul style="list-style-type: none"> <li>To improve service delivery</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the KEPH service packages (%)</li> </ul>	<ul style="list-style-type: none"> <li>Streamlining the Health Service Delivery Organization and Ensuring a Continuum of Care</li> </ul>	<ul style="list-style-type: none"> <li>70% Achievement</li> </ul>
	<ul style="list-style-type: none"> <li>To Enhance Effective Internal and External Referral Systems</li> </ul>	Presence of a health services referral framework that observes: <ul style="list-style-type: none"> <li>Client movement</li> <li>Health provider movement</li> <li>Clients' specimen movement</li> <li>Clients' parameters movement</li> <li>Management and coordination of referral services</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a Comprehensive Health Services Referral Framework</li> </ul>	<ul style="list-style-type: none"> <li>Referral guidelines implemented 80%</li> </ul>
	<ul style="list-style-type: none"> <li>To reduce the amount of</li> </ul>	Focusing on social-determinants of health	<ul style="list-style-type: none"> <li>Increase Focus on</li> </ul>	<ul style="list-style-type: none"> <li>Hand washing facilities</li> </ul>

	resources used in treating people	<ul style="list-style-type: none"> <li>• Number of clean and safe water points in the facility</li> <li>• Number of proper sanitation blocks in the facility</li> </ul>	Preventive and Promotive Health Interventions	<p>installed in various points in the facilities</p> <ul style="list-style-type: none"> <li>• Increased number of usable toilets in the hospital</li> <li>• 90% Achievement</li> </ul>
	<ul style="list-style-type: none"> <li>• To gauge level of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence reports of customer satisfaction surveys</li> </ul>	Promoting Quality Improvement and Patient Safety	<p>Customer survey for lab and outpatient done</p> <ul style="list-style-type: none"> <li>• 90% Achievement</li> </ul>
	<ul style="list-style-type: none"> <li>• To manage customer expectations regarding the delivery of products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Number of audited departmental delivery service charters</li> </ul>	Developing a Patient Navigation Program	<ul style="list-style-type: none"> <li>• Service charters displayed in service points</li> </ul>
<b>Human resource for health</b>	<ul style="list-style-type: none"> <li>• Improved performance and management</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the number of health personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Lobbying the Recruitment of Human Resource</li> </ul>	<ul style="list-style-type: none"> <li>• Hired additional staffs on Locum basis</li> </ul>
	<ul style="list-style-type: none"> <li>• Staff Motivation</li> <li>• To develop Staff</li> </ul>	<ul style="list-style-type: none"> <li>• Implement rewards and sanctions policy</li> <li>• Payment of contracted nonclinical staffs</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resource Development and Motivation Improve</li> </ul>	<ul style="list-style-type: none"> <li>• Various staffs awarded at an annual staff party</li> <li>• Annual staff party was done successfully</li> </ul>

		<ul style="list-style-type: none"> <li>• Conduct training need assessment</li> <li>• Hiring of Contracted technical staff</li> </ul>	<p>staff performance culture</p>	<ul style="list-style-type: none"> <li>• All Staffs are involved in decision making through various committees, HMT, Departmental meeting, staff meeting days</li> </ul>
<b>Management of hospital infrastructure</b>	<ul style="list-style-type: none"> <li>• To provide Modern Medical Equipment , plants and Machinery</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Number of operating theatres</li> <li>• Expansion of Maternity Ward</li> <li>• Expansion of the Outpatient Department</li> </ul>	<ul style="list-style-type: none"> <li>• Construction and Expansion of hospital service units</li> </ul>	<ul style="list-style-type: none"> <li>• Plans under way for operationalisation for 24/hr OPD services</li> <li>• Partners identified to put a modern maternity block with theatre facilities</li> </ul>
	<ul style="list-style-type: none"> <li>• To enhance Routine Maintenance of Infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of Hospital walkways</li> <li>• Equip Hospital call House</li> <li>• Construction of a warehouse</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of Hospital Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Plans are underway to construct a drug store</li> <li>• Plans are underway to renovate all</li> </ul>

				walkways in the hospital
<b>Development of a strategic Integrated Health Management Information System</b>	<ul style="list-style-type: none"> <li>To facilitate accurate record keeping.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing a functional Electronic Medical Records System</li> </ul>	Strengthen health data and information flow at the facility	<ul style="list-style-type: none"> <li>Procurement for a modern EMR system to be initiated in the forthcoming financial year</li> </ul>
	<ul style="list-style-type: none"> <li>Facilitate prudent Financial Management</li> <li>To increase revenue generation</li> </ul>	<ul style="list-style-type: none"> <li>Installation of an EMR system</li> <li>Availability of a reliable Wi-Fi connection</li> </ul>	<ul style="list-style-type: none"> <li>Automate health data and information flow at the facility</li> </ul>	<ul style="list-style-type: none"> <li>Procurement for a modern EMR system to be initiated in the future</li> </ul>

## **8. Corporate Governance Statement**

Gede 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 Kilifi 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 appointed by the C.E.C.M Health Kilifi 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 have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years renewal subject to performance.

#### **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 Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget.

The full Board meets at least 4 times a year and the Chairperson has regular meetings/Consultations with the Chief Executive Officer. 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 Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

## **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 and agenda are circulated within stipulated timelines. The Main Board held 4 meetings attended by selected members as illustrated:

<b>NAME</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>TOTAL</b>
Dr John Mtsumi-Chairperson	1/1	1/1	1/1	1/1	4/4
Mrs Zafarani Chishenga- Member	1/1	1/1	1/1	1/1	4/4
Mr. Douglas Ruwa- Member	1/1	1/1	1/1	1/1	4/4
Madam Sarah Lujanje- Member	1/1	1/1	1/1	1/1	4/4
Mr. Denis Ngenja-Member	1/1	1/1	1/1	1/1	4/4
Dr. Francis Fondo-Member	1/1	1/1	1/1	1/1	4/4
Mr. Obadia Manjewa- Member	1/1	1/1	1/1	1/1	4/4
Mr. James Sulubu-Member	NIL	1/1	1/1	1/1	3/4

## **c) Board Remuneration**

Non-Executive Members provide services to the hospital to which they are entitled to an allowance. The allowance is paid as per the government of Kenya SRC allowance circulars.

## **d) Committees of the Board**

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

- Finance and Audit Sub Committee
- Procurement Committee
- Quality Primary Healthcare Committee
- General purpose Committee

## 9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of Gede Sub County Hospital will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kilifi. The day-to-day management of the hospital is vested on the Chief Executive Officer.

The Chief Executive Officer will be assisted in performing the functions of his or her position by the Senior Management Team (SMT), which consists of the CEO with the four key managers and the Hospital Management Team (HMT). The HMT is made up of the divisional heads and heads of departments. Gede Sub County Hospital has developed a governance framework defining the respective roles of the Management.

The overall annual performance is as illustrated below:

### a) Clinical/Operational Performance

#### Summary table:

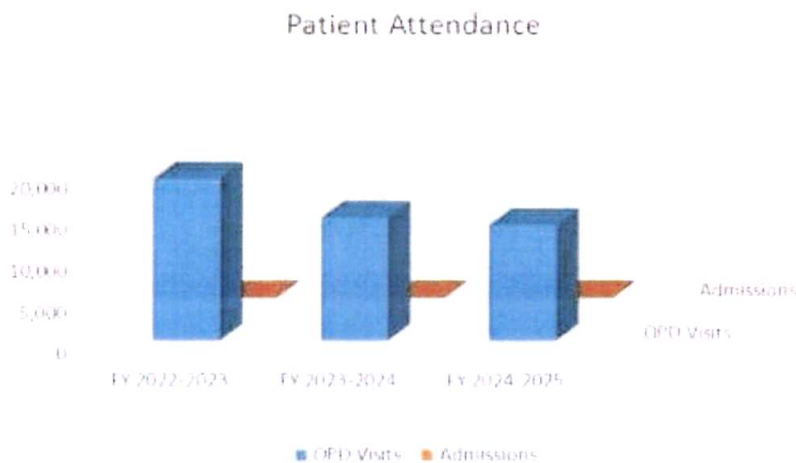
		FY 2022-2023	FY 2023-2024	FY 2024-2025
<b>Bed capacity</b>		50	50	50
<b>Patient Attendance:</b>	OPD Visits	19,600	14,885	13,973
	<b>Inpatient and Out-patient</b> Admissions	0	20	10
<b>Accident and Emergency (Casualty)</b>		59	114	132
<b>Specialised Clinics attendance</b>		1839	3434	3522
<b>Average Length of Stay (In-patients) in Days</b>		0	2	2
<b>Bed Occupancy rate</b>				
<b>Mortality rate</b>		0%	0%	0%
<b>Surgical Theatre utilization</b>	Major	0		
	Minor	0	0	0
	Circumcision	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Maternity (Total Deliveries)</b>		824	853	991

**b) Clinical/operational performance (tables/charts)**

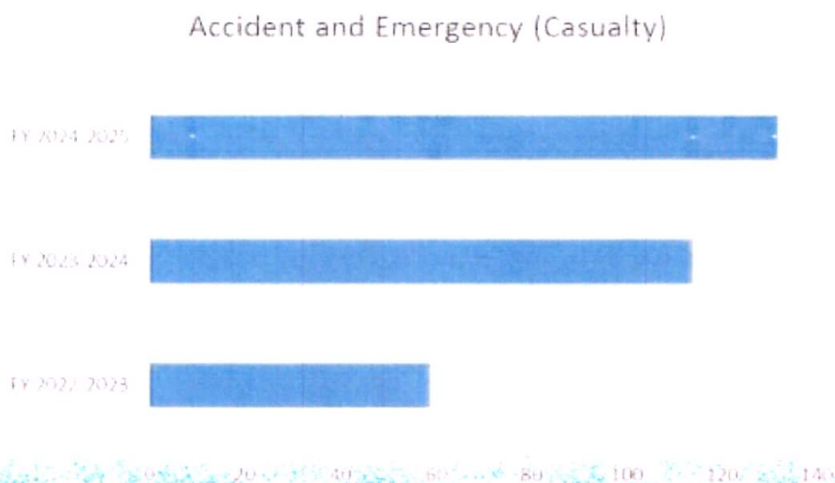
- **Bed capacity of the hospital.**

	FY 2022-2023	FY 2023-2024	FY 2024-2025
Bed capacity	50	50	50

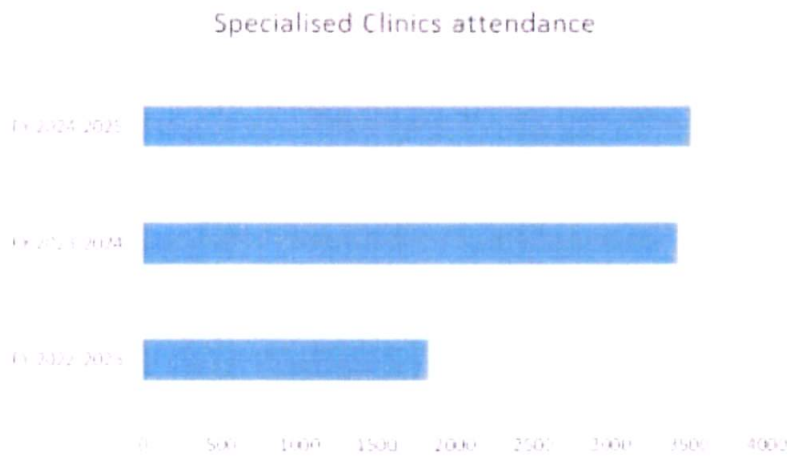
- **Overall patient attendance during the year for both inpatient and outpatient.**



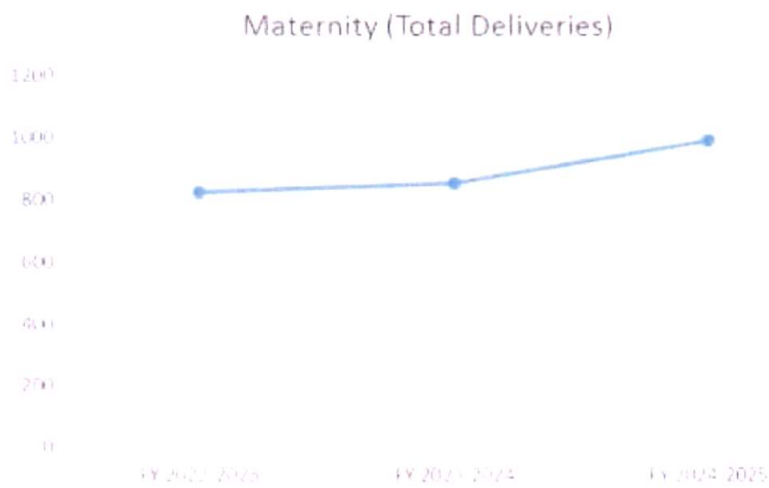
- **Accident and Emergency attendance**



○ **Specialised clinic attendance**



○ **Maternity deliveries**



**c) Financial performance that includes: -**

GSCH Revenue sources are;

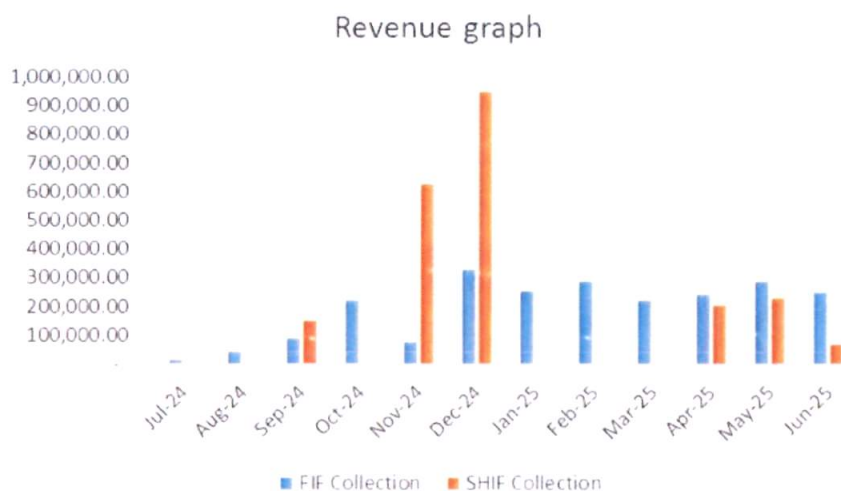
User fees comprising of;

- Cash collections
- Shif collection

**i. Revenue Analysis**

Month	FIF Collection	SHIF Collecti	Total
Jul-24	12,642.00	-	12,642.00
Aug-24	42,710.00	-	42,710.00
Sep-24	89,467.00	149,000.00	238,467.00
Oct-24	218,990.00	-	218,990.00
Nov-24	75,201.00	625,000.00	700,201.00
Dec-24	327,130.00	947,000.00	1,274,130.00
Jan-25	252,401.00	-	252,401.00
Feb-25	287,805.00	-	287,805.00
Mar-25	221,372.00	-	221,372.00
Apr-25	240,219.00	205,000.00	445,219.00
May-25	288,780.00	231,000.00	519,780.00
Jun-25	250,989.00	70,000.00	320,989.00
<b>Total</b>	<b>2,307,706.00</b>	<b>2,227,000.00</b>	<b>4,534,706.00</b>

**Revenue graph**

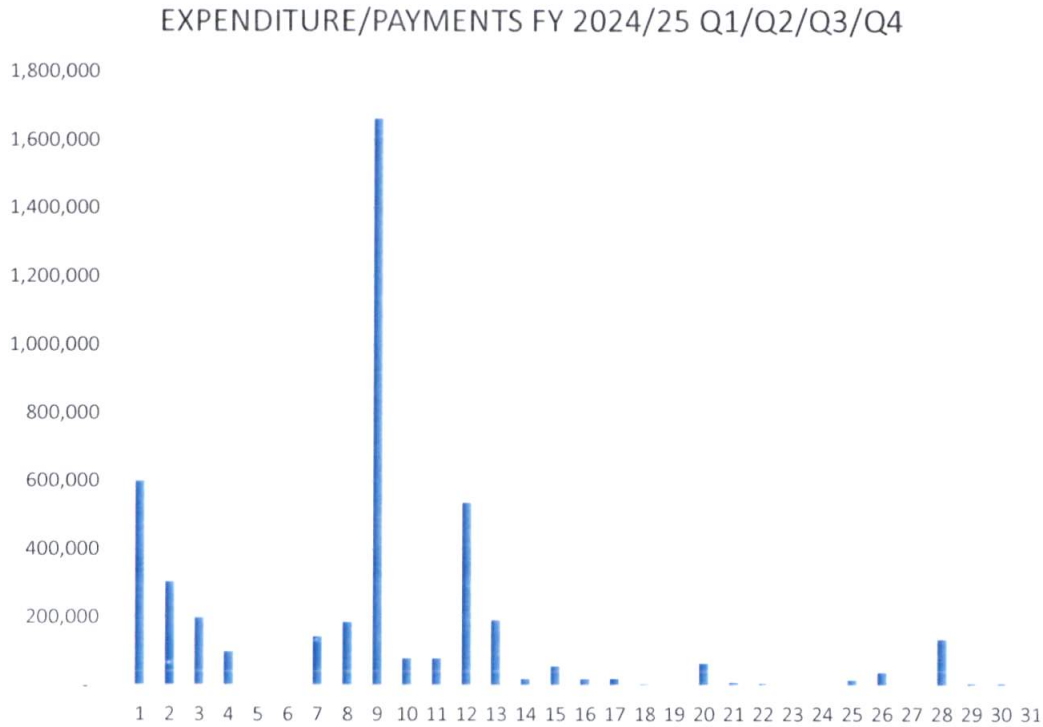


**i. Utilisation of funds/Expenditure**

The total expenditure amounted to Kshs.4,499,433 representing 99.8% of the total approved budget.

EXPENDITURE FY 2024/2025					
ITEM CODE	ITEM DESCRIPTION	APPROVED ESTIMATES	EXPENDITURE/PAYMENTS	COMMITMENT	BALANCE
		FY 2024/2025	FY 2024/25 Q1/Q2/Q3/Q4		
2110201	Contractual Employees	598,840	598,783	-	57
2110202	Casual Labor	305,000	305,000	-	-
2120101	Employer Contributions to NSSF	198,860	198,618	-	242
2210201	Telephone , telex mobile phones	100,000	100,000	-	-
2210202	Purchase of computers printers	-	-	-	-
2210203	Courier & Postal Services	900	858	-	42
2210301	Travel Costs (airlines, bus, railway, mileage allow, etc )	143,500	143,500	-	-
2210302	Accomodation-domestic	186,000	186,000	-	-
2210303	Domestic-daily subsistence allowance	1,663,400	1,663,400	-	-
2210502	Publishing and Printing Services	80,565	80,565	-	-
2210504	Advertising awareness and publicity campaigns	80,000	80,000	-	-
2210801	Catering services, gifts, food drinks	535,900	535,900	-	-
2210802	Boards, commtt, conference	192,001	192,001	-	-
2211001	Medical Drugs	20,000	20,000	-	-
2211002	Dressings and Non-pharmaceuticals	56,500	56,470	-	30
2211004	Fungicides, Insecticides and Sprays	20,000	20,000	-	-
2211008	Lab materials, supplies and small equipment	21,400	21,400	-	-
2211015	Foods and Rations	5,500	5,480	-	20
2211021	Purchase of Bedding and Linen	-	-	-	-
2211101	General Office Supplies	65,300	65,270	-	30
2211102	Suplies and access for computers and printer	9,900	9,900	-	-
2211103	Sanitary and Cleaning Materials	6,700	6,700	-	-
2211201	Refined Fuels	-	-	-	-
2211204	Other Fuels (wood, charcoal, cooking gas etc)	2,800	2,800	-	-
2211301	Bank service commission and charges	16,933	16,931	-	2
2220101	Maintenance of Motor Vehicles	39,500	39,500	-	-
2220201	Maintanance of Plant ,Machinery and Equipment	-	-	-	-
2220205	Maintenance of Buildings and stations	141,944	136,863	-	5,081
2220206	Maintenance of computers software and network	6,000	6,000	-	-
3110902	Purchase of household & institutional appliances	7,500	7,494	-	6
3111001	Purchase of Office Furniture and Fittings	-	-	-	-
	<b>Total</b>	<b>4,504,943</b>	<b>4,499,433</b>	<b>-</b>	<b>5,510</b>

### Expenditure Graph



COUNTY GOVERNMENT OF KILIFI  
DEPARTMENT OF HEALTH  
01 DEC 2025

.....  
GEDE SUB-COUNTY HOSPITAL  
P.O. BOX 85-00109, KILIFI

Name: **Elijah Bidii**  
**Medical Superintendent**

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

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

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

GSCH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that GSCH going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Enhancement of our specialized services such Ophthalmology services, Gynaecology/Obstetrics services etc.
- Introduction of a civil servants clinic
- Public Private Partnership
- Enhancing Client satisfaction through quality service care
- Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

### **ii) Environmental performance**

GSCH is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization, and we have a copy of the policy.

#### **Successes**

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose-off non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds.



## **Challenges**

- Shortage of staffs
- Lack of an incinerator hence need to transport waste for incineration
- Lack of infrastructure

## **Efforts to Reduce Environmental Impact of Waste Products**

Working in collaboration to have an incinerator put at the facility

Meanwhile working out to have timely transportation of the waste for incineration

### **iii) Employee welfare**

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship by the county government and supporting employees to attend short courses offered by the government institutions.

Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

**iv) Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

This is effectively done through making good use of the instituted internal committees to help minimize corruption.

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

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

**c) Responsible marketing and advertisement**

Effectively done using the local community engagement

**d) Product stewardship**

Ensure customer compliments/complains are handled to a satisfactory level.

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

- Conducting of regular outreaches to create awareness on various healthcare issues.
- Based on assessment, patients have reduced medical cost including waivers given by the hospital.

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

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

### **Principal activities**

The principal activities of GSCH are to provide effective leadership and participate in the provision of quality health care services that are accessible, acceptable, sustainable and equitable to the population of Kilifi County and beyond.

The vision of the hospital is to provide a healthy and productive population in Kilifi County.

### **Results**

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


### **Board of Management**

The members of the Board who served during the year are shown on page viii.

### **Auditors**

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

By Order of the Board

  
..... 01 DEC 2025 .....

**Name: Elijah Bidii**  
**Secretary to the Board**

COUNTY GOVERNMENT OF KILIFI  
DEPARTMENT OF HEALTH  
GEDE SUB-COUNTY HOSPITAL  
P.O. Box 15 - KILIFI, KILIFI

## **12.Statement of Board of Management’s Responsibilities**

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

The Board of Management is responsible for the preparation and presentation of GSCH financial statements, which give a true and fair view of the state of affairs of GSCH for and as at the end of the financial year (FY 2024/2025) 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 GSCH; (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 GSCH financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that GSCH financial statements give a true and fair view of the state of GSCH transactions during the financial year ended June 30, 2025, and of GSCH financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for GSCH, which have been relied upon in the preparation of GSCH 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

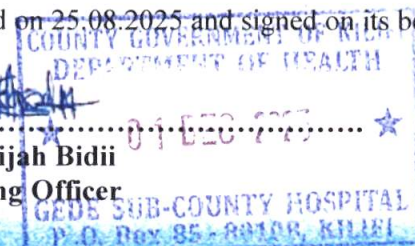
Nothing has come to the attention of the Board of management to indicate that GSCH will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The Hospital’s financial statements were approved by the Board on 25.08.2025 and signed on its behalf by:

  
.....  
**Name: Dr. John Mtsumi**  
**Chairperson**  
**Board of Management**

  
.....  
**Name: Elijah Bidii**  
**Accounting Officer**



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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Gede Sub-County Level 4 Hospital - County Government of Kilifi set out on pages 1 to 25, 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 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 Gede Sub-County Level 4 Hospital - County Government of Kilifi as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccurate Expenditure**

The statement of financial performance reflects total expenditure of Kshs.4,546,552. However, a re-computation of the expenditure gives a total of Kshs.4,499,432 resulting to unexplained variance of Kshs.47,120. In addition, the statement reflects expenditure on repairs and maintenance totalling Kshs.176,363 as disclosed in Note 6 to the financial statements. However, support schedules/ledger provided reflects an amount of Kshs.182,363 resulting to an unreconciled variance of Kshs.6,000.

Further, the Note to the financial statements on pages 18 and 19 on property, plant and equipment reflects a depreciation charge on furniture, fittings and office equipment and ICT equipment of Kshs.121,938 which has been omitted in the expenditure reflected in the statement of financial performance.

In the circumstances, the accuracy and completeness of the expenditure totalling Kshs.4,546,552 could not be confirmed.

### **2. Statement of Financial Position**

Review of the statement of financial position revealed the following:

#### **i. Inaccurate Cash and Cash Equivalents Balance**

The statement of financial position reflects a cash and cash equivalents balance of Kshs.192,407 while Note 7 to the financial statements reflect a balance of Kshs.87,583 resulting to unreconciled variance of Kshs.104,824.

#### **ii. Inaccurate and Unsupported Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.337,480. However, the corresponding schedule in the financial statements reflects a balance of Kshs.365,813 resulting to unexplained variance of Kshs.28,333

In addition, the ownership documents for the hospital parcel of land measuring approximately two acres was not provided for audit review.

### iii. Inaccurate Inventories Balance

The statement of financial position reflects an inventories balance of Kshs 3,448,606 as disclosed in Note 12 to the financial statements. However, the end of year physical stock confirmation records provided reflected a balance of Kshs.2,371,182 resulting to unexplained variance of Kshs.1,077,424.

### iv. Inaccurate Net Assets and Liabilities Balance

The statement of financial position reflects Kshs.Nil net assets balance while the recomputed net assets balance is Kshs.3,913,933 resulting to unreconciled variance of Kshs.3,913,933. In addition, the statement reflects total net assets and liabilities balance of Kshs 281,403 rendering the statement not to balance. Further, the statement of reflects comparative total net assets and liabilities balance of Kshs.57,211 while the audited prior year financial statements indicate a deficit of Kshs.240,549 resulting to unexplained variance of Kshs.297,760.

In the circumstances, the accuracy and completeness of the statement of financial position could not be confirmed.

### 3. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflected comparative amounts which vary from the prior year audited financial statements amounts as indicated below:

Item	Cash Flows 2024/2025 (Kshs)	Prior Year 2023/2024 Financial Statements (Kshs)	Unexplained Variance (Kshs)
Transfers from HSIF Fund	3,389,755	2,592,255	797,500
Medical Costs	41,950	45,950	4,000
Employees Costs	1,134,243	1,228,003	93,760
General Expenses	1,952,751	2,152,751	200,000

The variances have not been explained.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Gede Sub-County Level 4 Hospital - County Government of Kilifi 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, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year audit report, two (2) issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources respectively and one (1) issue was raised under Effectiveness of Internal Controls, Risk Management and Governance. These includes inaccurate expenditure on medical/clinical costs, inaccurate net liabilities, deficiencies in the implementation of universal health coverage for level 4 hospital, inadequate medical waste disposal process and information communication technology. Review of the status during audit of the Hospital in 2024/2025 revealed that the matters remained unresolved.

## **Other Information**

The Management is responsible for the Other Information set out on page iii to xxxiii 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' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report,

I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Failure to Offer Critical Services and Inconsistencies in the Grading of the Hospital**

Review of records revealed that gazettelement of Gede Sub County Hospital as a level 4 hospital was done on 26 April, 2022 through Kenya gazette notice number 6340. However, a physical verification and review of records revealed that the hospital did not meet the required infrastructure, personnel and services. This was contrary to Section 6 of the Medical Practitioners and Dentists (Medical Institutions) Rules, 2000 which states that an institution shall be registered and licensed as medical institution where the premises medical institution conforms to the description, infrastructure and personnel criteria for the respective category and facility set out in the Schedule; the quality of health care to be provided at the institution shall be such as to comply with the minimum standards acceptable to the Board. In addition, it was noted that vide public medical institution number 6904345 issued on 1 January, 2025 the hospital was categorized as a level two (2) hospital down from level 4 hospital.

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

#### **2. Non-Adherence to Public Sector Accounting Standards Board Reporting Requirements**

Review of the annual report and financial statements revealed that the Board of Management did not provide a concise description of each director's age, and work experience. In addition, the key management team section did not include key manager's passport-size photo and name, and key profession/academic qualifications while the Note 13 to the financial statements is indicated to relate to property, plant and equipment balance but indeed relates to rendering of services (medical service income).

In the circumstances, the presentation and disclosure in the annual report and financial statements are not in line with the Public Sector Accounting Standards Board reporting requirements.

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Staff Establishment**

The statement of financial performance reflects expenditure on employee costs totalling to Kshs.1,102,401 as disclosed in Note 3 to the financial statements. However, Management did not provide a staff establishment to guide management in sourcing and filling vacant posts. This was contrary to Section B.5(2) of the County Public Service Human Resource Manual, 2013 which states that all vacancies shall be declared in a prescribed format which shall include the number of vacancies; when the vacancy occurred; whether the vacancy is within the authorized establishment and other relevant details.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

### **2. Ineffective Governance by the Board of Management**

Review of the Board records revealed that nine (9) members were appointed and gazettment done on 2 February, 2024 to serve for a period of three (3) years. However, evidence that the Board had constituted committees including an audit committee and other three (3) committees was not provided. This was contrary to Governance Parameter 1.7 (1) (b) of Mwongozo Code of governance which states that the Board should establish an audit committee and a maximum of three (3) other committees (by whatever name called) to discharge the following function; Governance, Risk, Compliance, Finance, Technical matters, Strategy, Compliance, Human Resources and Finance.

In addition, appointment letters of the nine (9) board members were not provided. This was contrary to Governance Parameter 1.1(11) of Mwongozo Code of governance which states that each Board member shall be formally appointed to the Board through a gazette notice and there after an appointment letter.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

### **3. Lack of Risk Management Policy and Strategy**

Review of records and information revealed that Management had not developed a risk management policy, strategies, and risk register to mitigate against risk. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

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

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

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

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

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

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

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

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

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

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**

**05 December, 2025**

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

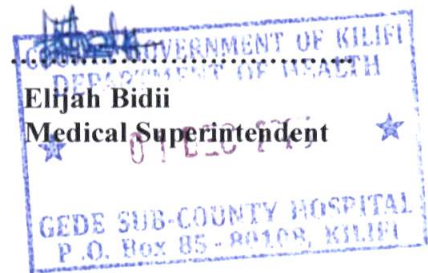
	Note	Jun-25 KShs	Jun-24 KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from HSIF Fund	1	4,763,004	3,389,755
<b>Total revenue</b>		<b>4,763,004</b>	<b>3,389,755</b>
<b>Expenses</b>			
Medical/ Clinical Costs	2	124,570	45,950.00
Employee costs	3	1,102,401	1,228,003
Board of Management Expenses	5	164,000	27,000
General Expenses	4	2,932,098	2,152,751
Repair and Maintenance	6	176,363	176,600
<b>Total expenses</b>		<b>4,546,552</b>	<b>3,630,304</b>
<b>Surplus/( deficit) for the period</b>		<b>216,452</b>	<b>(240,549)</b>

(The notes set out on pages 1 to 5 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25.08.2025 and signed on its behalf by:

.....  
**Dr John Mtsumi**  
**Chairman**  
**Board of Management**

.....  
**Fred Mumba**  
**Head of Finance**  
**ICPAK No: 30736**





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

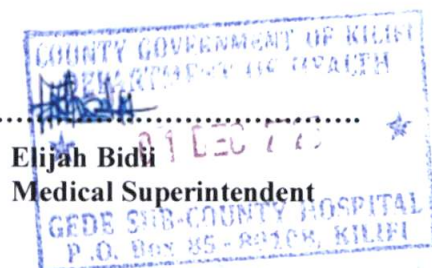
	Note	Jun-25 KShs	Jun-24 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	192,407	44,569
Receivables from Non exchange transactions	8	240,940	12,642
Inventories	12	3,448,606	
<b>Total Current Assets</b>		<b>3,881,953</b>	<b>57,211</b>
<b>Non-current assets</b>			
Property, plant, and equipment	13	337,480	-
Intangible assets		-	-
<b>Total Non-current Assets</b>		<b>337,480</b>	
<b>Total assets</b>		<b>4,219,433</b>	<b>57,211</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	305,500	297,760
<b>Total liabilities</b>		<b>305,500</b>	<b>297,760</b>
<b>Net assets</b>			
Accumulated surplus		(24,097)	240,549
<b>Total net assets and liabilities</b>		<b>281,403</b>	<b>57,211</b>

(The notes set out on pages 1 to 5 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25.08.2025 and signed on its behalf by:

  
.....  
**Dr John Mtsumi**  
Chairman  
Board of Management

  
.....  
**Fred Mumba**  
Head of Finance  
ICPAK No: 30736



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

	<b>FY 2024/25</b>	<b>FY 2023/24</b>
	<b>Accumulated surplus KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2023</b>	- 240,549	-
<b>Adjustments</b>	-	
Surplus/(deficit) for the period	-	-
<b>Balance as at 30 June 2024</b>	- 240,549	-
<b>Balance as at 1 July 2024</b>	- 240,549	-
Surplus/(deficit) for the period	216,452	(240,549)
<b>Balance as at 30 June 2025</b>	- 24,097	- 240,549

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

	Note	Jun-25 KShs	Jun-24 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from HSIF Fund	1	4,534,706	3,389,755
<b>Total Receipts</b>		<b>4,534,706</b>	<b>3,389,755</b>
<b>Payments</b>			
Medical/ Clinical Costs	2	124,570	41,950.00
Employee costs	3	1,135,161	1,134,243.00
Board of Management Expenses	5	164,000	27,000.00
General Expenses	4	2,891,598	1,952,751.00
Repair and Maintenance	6	176,363	176,600.00
<b>Total Payments</b>		<b>4,491,692</b>	<b>3,332,544</b>
<b>Net cash flows from operating activities</b>		<b>43,014</b>	<b>57,211</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>43,014</b>	<b>57,211</b>
Cash and cash equivalents at 1 JULY 2024		149,393	- 12,642
<b>Cash and cash equivalents at 30 JUNE 2025</b>	7	<b>192,407</b>	<b>44,569</b>

*Gede Sub county Hospital (Kilifi County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

	Original budget	Adjustments	Final budget	Actual on comparable	Performance difference	% utilisation
	2024/25	2024/25	2024/25	basis 2024/25	2024/25	2024/25
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Transfers from County Govt & FIF Revenue	2,904,146	1,600,797	4,504,943	4,522,064	(17,121)	100%
<b>Total income</b>	<b>2,904,146</b>	<b>1,600,797</b>	<b>4,504,943</b>	<b>4,522,064</b>	<b>(17,121)</b>	<b>100%</b>
<b>Expenses</b>						
Medical/ Clinical Costs	320,000	(195,430)	124,570	124,570	-	100%
Employee costs	518,400	584,001	1,102,401	1,102,401	-	100%
Board of Management Expenses	110,000	54,000	164,000	164,000	-	100%
General Expenses	1,084,502	1,847,596	2,932,098	2,932,098	-	100%
Repair and Maintenance	871,244	(694,881)	176,363	176,363	-	100%
<b>Total expenditure</b>	<b>2,904,146</b>	<b>1,595,286</b>	<b>4,499,432</b>	<b>4,499,432</b>	<b>-</b>	<b>100%</b>
<b>Surplus for the period</b>		<b>5,511</b>	<b>5,511</b>	<b>22,632</b>	<b>(17,121)</b>	

**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)

**Explanation**

The changes between the original and final budget were as a result of reallocations and additional appropriations (Supplementary 1 and 2 budgets) which were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

### **1. General Information**

Gede Sub County Hospital (GSCH) is established by and derives its authority and accountability from Health Services Improvement Fund Act. The entity is wholly owned by the Kilifi County Government and is domiciled in Gede (Kilifi County) in Kenya. The entity's principal activity is to provide quality and affordable preventive, promotive, rehabilitative and curative health services across the country

### **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 GSCH 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 GSCH. 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.**

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

Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

### **iii) Early adoption of standards**

GSCH did not early – adopt any new or amended standards in the financial year.

#### **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 GSCH 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.

##### **b. Budget information**

The original budget for FY 2024/2025 was approved by Board on 5<sup>th</sup> August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, GSCH recorded additional appropriations of 43,014 on the FY 2024/2025 budget following the Board's approval. GSCH 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.

**d. Property, plant and equipment**

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

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

### **Financial assets**

#### **Classification of financial assets**

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

#### **Subsequent measurement**

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

#### **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.

**e. Inventories**

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

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

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

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

**f. 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.

**g. Comparative figures**

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

## Notes to Financial Statements Continued

### 1. Transfers from the County Government

Description	Jun-25 KShs	Jun-24 KShs
Grants – HSIF Fund	4,763,004	3,389,755
	-	
<b>Total</b>	<b>4,763,004</b>	<b>3,389,755</b>

### 2. Medical/ Clinical Costs

Description	Jun-25 KShs	Jun-24 KShs
Sanitary and cleaning Materials	6,700	18,900
Dressing and Non-Pharmaceuticals	56,470	27,050
Laboratory chemicals and reagents	21,400	-
Insecticides and rodenticides	20,000	-
Pharmaceutical supplies	20,000	-
<b>Total</b>	<b>124,570</b>	<b>45,950</b>

### 3. Employee Costs

Description	Jun-25 KShs	Jun-24 KShs
Salaries, wages, and allowances	882,843	1,023,140
Employer Contributions to Compulsory National Social Security Schemes	198,618	164,863
Staff medical expenses and Insurance cover	20,940	40,000
<b>Total</b>	<b>1,102,401</b>	<b>1,228,003</b>

### 4. General Expenses

Description	Jun-25 KShs	Jun-24 KShs
Telephone and mobile phone services	100,000	108,000
Other expenses	617,802	640,400
Travel and accommodation allowance	325,500	124,000
Daily subsistence allowance	1,667,400	635,100
Printing, advertising and information supplies & services	96,465	124,790
Conferences and delegations	28,000	224,000
Fuel expenses	-	280,000
Bank charges	16,931	16,461
Advertising and publicity expenses	80,000	-
<b>Total</b>	<b>2,932,098</b>	<b>2,152,751</b>

### 5. Board of Management Expenses

Description	Jun-25 KShs	Jun-24 KShs
Sitting allowance	164,000	27,000
<b>Total</b>	<b>164,000</b>	<b>27,000</b>

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

**6.Repairs And Maintenance**

Description	Jun-25 KShs	Jun-24 KShs
Motor vehicle expenses	39,500	3,000
Computers	-	52,500
Non residential stations	136,863	121,100
<b>Total</b>	<b>176,363</b>	<b>176,600</b>

**7.Cash And Cash Equivalents**

Description	Jun-25 KShs	Jun-24 KShs
Current account	87,583	44,569
<b>Total cash and cash equivalents</b>	<b>87,583</b>	<b>44,569</b>

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

Description	Account number	Jun-25 KShs	Jun-24 KShs
Current account			
<b>KCB Bank: GEDE HSSF FACILITY GRANT</b>	1107971047	104,824	2,117
<b>Co-operative Bank: KCG GEDE SUB COUNTY HOSPITAL HSIF</b>	1141654805100	87,583	44,569
<b>Grand total</b>		<b>87,583</b>	<b>44,569</b>

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

Description	Jun-25 KShs	Jun-24 KShs
<b>Current Receivables</b>		
Receivables	240,940	12,642
<b>Total receivables from exchange transactions</b>	<b>240,940</b>	<b>12,642</b>

**9.Trade and other Payables**

Description	Jun-25 KShs	Jun-24 KShs
Trade payables	305,500	297,760
<b>Total trade and other payables</b>	<b>305,500</b>	<b>297,760</b>

### 10. Cash Generated from Operations

	Jun-25 KShs	Jun-24 KShs
Surplus for the year before tax	263,572	(240,549)
<b>Adjusted for:</b>		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(228,298)	-
Increase in payables	7,740	297,760
<b>Net cash flow from operating activities</b>	<b>43,014</b>	<b>57,211</b>

### 11. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical supplies-Drawings Rights (KEMSA)	-	5,730,914
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	4,238,548
<b>Total grants in kind</b>	<b>-</b>	<b>9,969,461.77</b>

### 12. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	1,207,785	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,163,397	-
Laboratory supplies	1,077,424	-
<b>Total</b>	<b>3,448,606</b>	<b>-</b>

### 13. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	1,253,598	657,918
Laboratory	247,920	117,720
Radiology	-	-
Orthopedic and Trauma Technology	17,962	7,585
Theatre	-	-
Nutrition service	2,530	3,030

Dental services	82,927	24,320
Ambulance services	-	-
Other medical services income ( <i>specify</i> )	1,328,588	1,870,738
<b>Total revenue from the rendering of services</b>	<b>2,933,525</b>	<b>2,681,311</b>

**14. Depreciation Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	337,480	-
<b>Total depreciation and amortization</b>	<b>337,480</b>	<b>-</b>

Notes to the Financial Statements (Continued)

2. 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
<b>Cost</b>									
At 1 July 2023 (previous year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	xxx	-	(xxx)
Transfers/adjustments	xxx	xxx	(xxx)	xxx	xxx	xxx	xxx	xxx	(xxx)
Revaluation Adjustments	xxx	xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
<b>At 30<sup>th</sup> Jun 2023</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
At 1 July 2023 (current year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	218,251	269,500	xxx	xxx	xxx	<b>487,751</b>
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	xxx	(xxx)	(xxx)
Transfer/adjustments	xxx	xxx	xxx	xxx	xxx	xxx	xxx	(xxx)	xxx
Revaluation Adjustments	xxx	xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
<b>At 30<sup>th</sup> Jun 2024</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>218,251</b>	<b>269,500</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>487,751</b>

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Depreciation and impairment</b>									
At 1 July 2024 (previous year)		xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
Depreciation for the year		xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
<b>At 30 June 2025</b>		xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
At July 2025 (current year)		xxx	xxx	xxx	xxx	xxx	xxx	-	xxx
Depreciation		xxx	xxx	54,563	67,375	xxx	xxx	-	121,938
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Transfer/adjustment		xxx	-	xxx	-	-	xxx		(xxx)
<b>At 30<sup>th</sup> June 2025</b>		xxx	xxx	54,563	67,375	xxx	xxx	-	121,938
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> Jun 2025 (current)	xxx	xxx	xxx	163,688	202,125	xxx	xxx	xxx	365,813

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

**3. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from –non-exchange transactions	12,642	12,642	-	-
Bank balances	44,569	44,569	-	-
<b>Total</b>	<b>57,211</b>	<b>57,211</b>	-	-
At 30 June 2025 (current year)				
Receivables from –non-exchange transactions	240,940	240,940	-	-
Bank balances	87,583	87,583	-	-
<b>Total</b>	<b>328,523</b>	<b>328,523</b>	-	-

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. GSCH has significant concentration of credit risk on amounts due from transfer of HSIF fund. 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) 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	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	263,572	(240,549)
Capital reserve	-	-
<b>Total funds</b>	263,572	(240,549)
Total borrowings	-	-
Less: cash and bank balances	(87,583)	(44,569)
Net debt/ ( <i>excess cash and cash equivalents</i> )	175,989	(285,118)
<b>Gearing</b>	67%	118%

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

**4. 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.

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

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

a) Related party transactions	Jun-25 KShs	Jun-24 KShs
Transfers from HSIF	4,763,004	3,389,755

**5. Events after the Reporting Period**

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

**6. Ultimate and Holding Entity**

The entity is a fund within the Department of Health services and sanitation in Kilifi County. Its ultimate parent is the County Government of Kilifi.

**7. Currency**

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. 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)
OAG/CGK-GEDE/SL4H/2022/2023(24)	<p><b>Undisclosed property, plant and equipment balance.</b>                      The statement of financial position reflects kshs. Nil balance in respect of property, plant and equipment. However, physical verification carried out in April, 2024 revealed that the hospital owned various assets such as land, buildings, medical equipment, computers and furniture and fittings of an undetermined value which were included in the financial statements. Further, the hospital did not have ownership documents for their land and did not maintain a fixed asset register.                      In the circumstances, the value, security, ownership, disclosure and completeness in respect of property, plant and equipment could not be confirmed.</p>		Partly Resolved	
OAG/CGK-GEDE/SL4H/2022/2023(24)	<p><b>Undisclosed receivables from national health insurance fund (Nhif)</b>                      The statement of financial position reflects a balance of kshs. 86,546 in respect of receivables from non-exchange transaction as disclosed in note 12 to the financial statements. However, review of National Health</p>		Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Insurance Fund (NHIF) records maintained at the hospital revealed that the hospital submitted claims amounting to kshs. 2,122,950 out of which kshs. 1,990,200 was settled resulting in an unsettled balance of kshs. 132,750.</p> <p>In the circumstances, the accuracy and completeness of the balance in respect of receivables from non-exchange transactions of kshs. 86,546 could not be confirmed.</p>			
OAG/CGK-GEDE/SL4H/2022/2023(24)	<p><b>Undisclosed inventories balance</b> The statement of financial position reflects a balance of kshs. 797,500 in respect of total current assets which does not include inventories balance. Review of records revealed that the hospital operated equipped stores for pharmaceuticals, non-pharmaceuticals, kitchen and nutrition department, cleaning and laboratory items and other medical equipment. However, no evidence was provided to show that stock taking exercise was conducted on 30<sup>th</sup> June 2023 and as a result, management was not in position to identify, separate and account for the inventories balance.</p>		Resolved	
OAG/CGK-GEDE/SL4H/2022/2023(24)	<p><b>Lack of quarterly revenue reports</b> The statement of financial performance reflects kshs. 2,987,989 in respect of transfers from Health Services Improvement Fund (HSIF) as disclosed in note 5 to the financial statements. However, the hospital did not provide evidence to show that</p>		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)
	<p>quarterly reports were prepared and submitted to the County Treasury with a copy to the Auditor-General as per the requirements of Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer and a receiver of revenue are personally responsible for ensuring that-(a) adequate safeguards exist and are applied for the prompt collection and proper accounting for all county government and other public moneys relating to their county departments or agencies. In the circumstances the accuracy and completeness of the revenue collected could not be confirmed.</p>			

**Guidance Notes:**

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

  
 COUNTY GOVERNMENT OF KILIM  
 DEPARTMENT OF HEALTH  
 01 DEC 2023  
 Elijah Bidii  
 Accounting Office  
 GEDE SUB-COUNTY HOSPITAL  
 P.O. Box 85 - ROYOK, KILIM