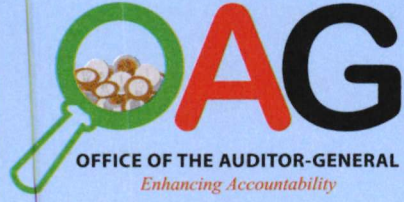


REPUBLIC OF KENYA



315

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**LANGATA LEVEL 4 HOSPITAL**

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

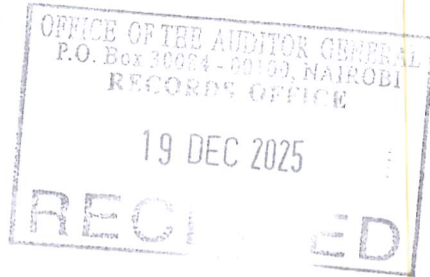
**COUNTY GOVERNMENT  
OF NAIROBI**

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*Revised 30<sup>th</sup> June 2025*



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# **LANGATA LEVEL IV HOSPITAL (Nairobi 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**

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

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

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*

## 2. Key Entity Information and Management

### (a) Background information

Langata Sub County Hospital is a level 4 hospital established under gazette domiciled in Nairobi County under the Health Department. The hospital is currently being governed by a Health Facility Management Committee.

### (b) Principal Activities

**The principal activity of the facility** is to provide accessible, affordable, and quality healthcare services to the people of Langata Sub County and its surrounding communities. The hospital's mandate is to deliver promotive, preventive, curative, rehabilitative, and palliative health services in line with the Constitution of Kenya (2010), the Kenya Health Policy (2014–2030), and the Nairobi County Integrated Development Plan.

Through this mandate, the hospital functions as a first-level referral facility within the sub county, offering outpatient, inpatient, maternal and child health, diagnostic, emergency, and specialized services. It also plays a critical role in public health promotion, disease surveillance, community outreach, and health systems strengthening.

### Vision

To be a leading sub county hospital that delivers accessible, patient-centered, and high-quality healthcare for all.

### Mission

To provide comprehensive, affordable, and equitable healthcare services that promote the well-being of individuals and communities, through efficient service delivery, skilled human resources, and continuous improvement in healthcare systems.

### Core Objectives

1. To deliver quality promotive, preventive, curative, rehabilitative, and palliative healthcare services.
2. To strengthen maternal, neonatal, and child health (MNCH) outcomes through safe, accessible, and patient-centered services.
3. To improve access to essential healthcare services for all residents, including vulnerable and underserved populations.
4. To enhance emergency preparedness and response capacity for accidents, outbreaks, and public health emergencies.
5. To provide effective diagnostic, pharmaceutical, and supportive services for comprehensive patient care.
6. To strengthen health systems through data management, staff development, research, and adoption of best practices.
7. To foster community participation and partnerships for improved health outcomes.
8. To contribute to the realization of Universal Health Coverage (UHC) at the county and national levels.

**(c) Key Management**

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

- County department of health
- Sub county health management team.
- Accounting Officer/ Medical Superintendent.
- Health facility management committee.
- Health management team.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 20XX and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Mary Kinyanjui
2.	Nursing manager	Lorna Moraa
3.	Administrator	Juliana Kimwele

*(Include all positions regarded as top management in your hospital).*

**(e) Fiduciary Oversight Arrangements**

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

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

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

**(f) Entity Headquarters**

P.O. Box 30108-00100  
 Langata Sub County Hospital  
 Chweya Road  
 NAIROBI, KENYA

**(g) Entity Contacts**

Telephone: (+254) 726275790  
 E-mail: langatasubcountyhospital@gmail.com

**(h) Entity Bankers**

Co-operative Bank  
Acc Name. Langata Health Center  
Ukulima Branch  
Acc No 01141132115600

Co-operative Bank  
Acc Name. Langata Sub County Hospital  
Cityhall Branch  
Acc No. 01101675945001

**(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**

P.O. Box 30075, 000100  
City Hall Building  
City hall way  
Nairobi

### 3. The Board of Management

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

#### 4. Key Management Team

Ref	Management	Details
1.	Mary Kinyanjui	Medical Superintendent
2.	Lorna Morara	Nurse Manager
3.	Juliana Kimwele	Administrator

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

The hospital did not have an active board of management during the year of review however the facility was being managed by the health facility management committee comprising of:

1. SALIM J.OMOI - CHAIR PERSON
2. ROSSLYN MUTAHI - TREASURER
3. MARY KINYANJUI - SECRETARY
4. MARGARET WASIKE - MEMBER
5. ERICK MANANI. - MEMBER
6. SILAS AGUMBA. - MEMBER
7. SAMMY ROTICH - MEMBER
8. SELAH BARASA - MEMBER
9. DAVID OMEDO - MEMBER

The facility management is following up with the appointing authority for appointment of the board of management

**5. Chairman’s Statement**

**One – two pages**

*(Under this section, the Chairman of the Board of Management will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital). (The report should be signed by the chairman of the governing body.)*

.....

**Name**

**Chairman to the Board**

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

### **Introduction**

Langata Sub-County Hospital is one of the key public health facilities serving the residents of Langata Kibra and its surrounding areas. Established in June 27, 1974, the facility originally operated as a health center, providing essential outpatient and preventive services to the local population. Over the decades, the hospital has grown in scope and capacity, responding to the health needs of a rapidly expanding catchment population.

The upgrade to Level 4 in 2021 was a significant milestone. It reflected not only infrastructural and service delivery improvements but also the recognition by Nairobi County Government and the Ministry of Health that the facility had developed the human resource capacity, equipment, and infrastructure necessary to operate at this higher level.

This transformation also came at a critical time, as the demand for health services had sharply increased due to population growth, urbanization, and emerging health challenges within Langata Sub-County.

### **Catchment Population**

Langata Sub-County Hospital caters to a catchment population of 44,780 individuals. This population is diverse, consisting of both urban and Peri-Urban communities, including low- and middle-income households. The hospital therefore plays a vital role in bridging the healthcare access gap for vulnerable populations who may face challenges accessing private or higher-level health institutions.

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

The facility has 45 deployed staff members divided into different departments, 7 medical officers, 7 registered clinical officers, 13 Nurses, 3 Lab officers, 2 Nutritionist, 2 Records officers, 1 Social worker, 1 clerk, 3 support staffs, 1 pharmacist, 1 Pharm Tech, 1 PHO,

### **Services Offered**

Langata Sub-County Hospital provides a wide range of essential health services. These include:

#### **i) Maternity Services**

The hospital operates a fully functional maternity wing offering antenatal, delivery, and postnatal services. Trained healthcare providers, including doctors, nurses, and midwives, ensure safe delivery and maternal care. This service has significantly reduced maternal and neonatal mortality in the region, while also providing family planning and health education to mothers.

#### **ii) Outpatient Services**

The outpatient department is one of the most busy units at Lang'ata Sub-County Hospital. It offers general medical consultations, minor emergency care, preventive services, and referrals to specialized facilities when necessary. The outpatient clinic remains the first point of contact for most patients and serves as an important entry point into the healthcare system.

### c) Laboratory Services

The hospital laboratory provides critical diagnostic services, enabling clinicians to accurately diagnose and treat patients.

## 2. Financial Summary

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

Payer    Amount Paid (KES)    Remarks

NHIF	1,716,158	Total remittances before transition to SHA/SHIF
SHA	1,122,020.80	Payments received under the new Social Health Authority
SHIF	1,150,122	Payments received from the Social Health Insurance Fund
FIF	91,710	Payment received from clients not on SHA
<b>Total;</b>	<b>4080005</b>	

### Challenges

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



**Name: Mary Kinyanjui**

**Medical Superintendent.**



## 7. Statement of Performance Against Predetermined Objectives

In compliance with **Section 164 (2)(f) of the Public Finance Management Act, 2012**, Langata Sub County Hospital presents its performance statement against predetermined objectives for the financial year 2024/2025. The hospital's **Strategic Plan (2023/24 – 2027/28)** outlines five strategic pillars that guide planning, budgeting,

and service delivery. The annual work plan is developed from these pillars and performance is assessed on a quarterly basis. This report provides a narrative account of the hospital's achievements, challenges, and mitigation measures during the reporting period.

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## **Performance by Strategic Pillars**

### **Elimination of Communicable Conditions**

During the year under review, the hospital intensified its efforts to reduce the burden of communicable diseases such as malaria, tuberculosis (TB), and HIV/AIDS. Immunization campaigns were scaled up through both static and outreach services, achieving an impressive immunization coverage. Malaria cases recorded at the outpatient department declined largely due to community vector control interventions and continuous public health education. In TB management, the hospital improved case detection HIV testing and linkage to care were also strengthened, with more patients initiated on treatment within the recommended timelines.

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

Langata Sub County Hospital continued to prioritize the growing challenge of non-communicable diseases by expanding screening and early detection programs. Over 12,000 patients were screened for hypertension and diabetes at the outpatient department, with many linked to follow-up care. Cancer awareness and screening activities were conducted, with more than 1,200 women screened for cervical and breast cancer.

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

The hospital made major strides in expanding access to essential and emergency health services. Maternity conducted more skilled delivery with many mother being discharge in good condition. Emergency response was enhanced with strengthened referral systems, reducing the average response time. Bed occupancy was maintained reflecting efficient patient flow and utilization of available capacity. These investments contributed to a significant improvement in patient satisfaction and trust in the hospital's services.

### **Reduction of the Burden of Violence and Injuries**

Langata Sub County Hospital addressed the increasing incidence of injuries, especially from road traffic accidents and domestic violence, by strengthening emergency preparedness and trauma care. The hospital also runs a social work and Psychology department that has enhanced the management of gender based violences. In

partnership with community stakeholders, GBV sensitization programs were rolled out to reduce home violence and injuries within the sub-county.

### **Strengthening Collaboration and Reducing Health Risk Factors**

The hospital remained committed to building strong partnerships and reducing health risks through community engagement. Community health outreaches were conducted in schools, churches, and community centers, providing immunization, HIV testing, cancer screening, and health talks. Collaborations with local NGOs and county health teams enhanced HIV care, maternal health, and public health education programs. These partnerships reinforced the hospital's role as a key driver of health promotion and preventive care within Langata Sub County.

---

### **Linkage to Performance Contracts**

All achievements were tied to the hospital's **Performance Contract with Nairobi City County**, which emphasizes maternal and child health improvement, enhanced disease surveillance, digitization of hospital systems, and compliance with inclusive procurement regulations. Progress made during the year reflects the hospital's commitment to fulfilling these contractual obligations while contributing to the broader goal of Universal Health Coverage.

---

### **Conclusion**

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

Overall, the hospital's performance demonstrates strong alignment with its strategic plan and the Universal Health Coverage agenda. Moving forward, Langata Sub County Hospital will continue to strengthen systems, expand partnerships, and prioritize sustainable solutions to deliver high-quality, accessible, and affordable healthcare to the community.

## 8. Corporate Governance Statement

The facility did not have an active board during the year of review and is following up for the appointment of board members with the appointing office.

### Two-to-three pages

Provide the corporate governance statement as guided below:

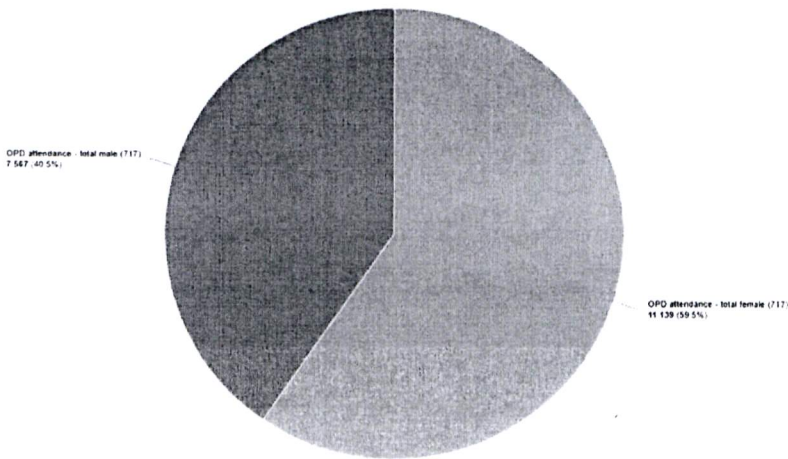
- i. *Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*
- ii. *Roles and functions of the board*
- iii. *Induction, training, and development*
- iv. *Board and members' performance*
- v. *Number of Board meetings held and the attendance to those meetings by members*
- vi. *Succession plan*
- vii. *Policy to manage conflict of interest.*
- viii. *Board remuneration*
- ix. *Ethics and Conduct*
- x. *Governance audit*
- xi. *Communication policy*
- xii. *Terms of Reference of Committees*
- xiii. *Policy on related party transactions*

**9. Management Discussion and Analysis**

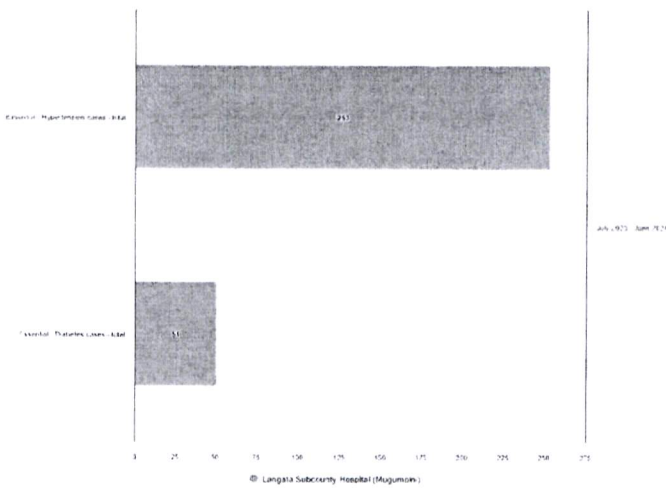
**Clinical/operational performance**

Indicator	Data/Result
Bed Capacity	24 beds
Overall Patient Attendance	34,314 (Inpatient + Outpatient)

Langata Subcounty Hospital (Mugumoini) - July 2024 - June 2025



**Specialised Clinic Attendance 5,681**



Average Length of Stay (ALOS)	2 days
Average Beds Occupied Per Day	2
Bed Occupancy Rate (BOR)	8.3%
Maternal Mortality	1 case (post-delivery)

**Financial performance that includes: -**

- *Facility generates its revenue from NHIF, SHA, STARTED FIF in the month of June*
  
- Utilisation of funds

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

## **10. Environmental and Sustainability Reporting**

### **i) Sustainability Strategy and Profile**

Lang'ata Sub County Hospital recognizes the impact of global political and macroeconomic trends such as climate change, resource scarcity, rising energy costs, and public health risks on its operations and service delivery. The hospital aligns its sustainability efforts with international frameworks including the Sustainable Development Goals (Sustainable Development Goals), the Paris Agreement on Climate Change, and Kenya's national development agenda (Vision 2030 and the Big Four Agenda).

#### **Sustainability Priorities and Policy Framework:**

- Promotion of green health facilities through efficient energy and water use.
- Mainstreaming inclusivity in procurement, ensuring access to opportunities for youth, women, and Persons with Disabilities .
- Commitment to clean, safe, and reliable healthcare service delivery in line with the hospital's Service Delivery Charter.

#### **Achievements (2024/25 reporting period):**

- Introduced electronic health records to reduce paper use.
- Installed solar-powered lighting in the maternity and outpatient departments.

#### **Challenges & Mitigation:**

- Challenge: Limited resources for large-scale renewable energy adoption.
- Mitigation: Collaboration with Nairobi City County and donor partners to co-fund solar expansion projects.

### **ii) Environmental Performance**

#### **Hospital Environmental Policy:**

The hospital's environmental policy emphasizes sustainable healthcare practices focusing on waste management, pollution reduction, biodiversity protection, and efficient energy use.

#### **Implementation Highlights:**

- Waste segregation bins placed across all departments (sharps, plastics, organic waste).
- Collaboration with licensed waste handlers through the county government for safe disposal of hazardous medical waste.
- Reduced paper usage by digitizing patient registration and billing.
- Promotion of biodegradable materials in catering services and discouragement of single-use plastics.

#### **Successes:**

- Reduction in paper consumption through automation.
- Ongoing staff training and sensitization campaigns through Infection Prevention Committee & Continuous Medical Examination.

### **iii) Employee Welfare**

#### **Human Resource Policies:**

- Recruitment practices incorporate gender balance, inclusivity of youth and PWDs.
- Career development through in-service training and continuous medical education (CME).

- Annual staff appraisal system linked to performance recognition and rewards.

**Occupational Health & Safety (OSHA 2007) Compliance:**

- PPE provided for staff in high-risk areas (Maternity, laboratory, waste disposal).
- Work-related incidents (2024/25): 5 minor cases of needle-stick injuries; mitigated by training and stricter handling protocols.

**v) Marketplace Practices**

**) Responsible Competition Practices**

- Compliance with the Public Procurement and Asset Disposal Act through transparent tendering.
- Adoption of cashless payment systems to minimize corruption risks.
- Display of Service Charter across departments for accountability.

**) Responsible Supply Chain & Supplier Relations**

- Timely payments to suppliers to maintain trust and reliability.
- Open procurement processes to ensure fairness and value for money

**) Responsible Engagement with Citizens**

- Public engagement through community dialogues on service delivery priorities.
- Community health outreach programs for maternal-child health, immunization, and HIV/AIDS sensitization.

**l) Product Stewardship / Awareness Creation**

- Protection of patient data under confidentiality policies.
- Active feedback and complaints redress system through suggestion boxes and hotline numbers.

**) Corporate Social Responsibility (CSR) / Community Engagements**

Langata Sub County Hospital engages the community through CSR activities that align with its healthcare mandate.

**Key CSR/Community Engagement Initiatives:**

- Tree planting drives in collaboration with local schools and community groups.
- Free medical camps/outreaches targeting maternal health, HIV testing, and cancer screening.

**Impact:**

- Improved environmental conservation within Langata Sub County.
- Increased community awareness on preventive health practices.
- Strengthened trust and collaboration between the hospital and the surrounding community.

**11 Statement of Board of Management’s Responsibilities**

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* 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 the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity’s* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 20xx, and of the *entity’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.


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

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

**Approval of the financial statements**

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

.....  
**Name:**  
**Chairperson**  
**Board of Management**

  
.....  
**Name:**  
**Accounting Officer**

# REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

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

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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 Langata Level 4 Hospital - County Government of Nairobi City set out on pages 1 to 20, 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

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

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 Langata Level 4 Hospital - County Government of Nairobi as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

#### **1.1 Variances in Net Assets**

The statement of changes in net assets reflects Kshs.6,605,772 in respect of net assets which differs with the statement of financial position amount of Kshs.10,487,206 resulting to unreconciled variance of Kshs.3,881,434.

In the circumstances, the accuracy of the financial statements could not be confirmed.

#### **1.2 Non-Disclosure of In-Kind Contributions**

The statement of financial performance reflects Kshs.5,351,752 in respect of in-kind contribution as disclosed in Note 6 to the financial statements. However, the County Government paid staff salaries on behalf of the Hospital which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of in-kind contributions totalling Kshs.5,351,752 could not be confirmed.

### **2. Unsupported Inventories**

The statement of financial position reflects inventories balance of Kshs.7,139,360 as disclosed in Note 15 to the financial statements. However, the balance includes Kshs.3,740,812 which was not supported with stock-take report and store's ledgers.

In the circumstances, the accuracy and completeness for inventories balance of Kshs.7,139,360 could not be confirmed.

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

The statement of financial position reflects property, plant and equipment balance of Kshs.255,500 as disclosed in Note 16 to the financial statements. However, physical verification carried out during the month of November, 2025 revealed that the Hospital's assets had not been tagged. In addition, the Hospital is built on land whose value was not reflected in the financial statements. Further, the ownership documents for land were not provided for audit review.

In the circumstances, the accuracy and completeness for property, plant and equipment balance of Kshs.255,500 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Langata Level 4 Hospital 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 were no key audit matters to report in the year under review.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.5,000,000 and Kshs.4,080,011 respectively, resulting to a revenue shortfall of Kshs.919,989 or approximately 18% of the budget. Similarly, the statement reflects actual expenditure against actual revenue of Kshs.3,362,080 and Kshs.4,080,011 respectively resulting to under-absorption of Kshs.717,931 or approximately 18% of actual receipts.

The revenue shortfall and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xviii which comprises of Key Entity Information and Management, 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 and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

## Conclusion

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

## Basis for Conclusion

### 1. Failure to Open Facility Improvement Fund Account

Review of documents revealed that Management had not opened a Facility Improvement Financing Account contrary to Section 5(2) of the Facilities Improvement Financing Act, 2023 which provides that there shall be opened a Facility Improvement Financing Account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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

### 2. Deficiency in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of eighty-five (85) or approximately 84% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical officers	16	7	9	56
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Pediatrician	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered	75	9	66	88
Gynecologists	2	0	2	100
<b>Total</b>	<b>101</b>	<b>16</b>	<b>85</b>	<b>84</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Bed Capacity	150	24	126	84
Newborn Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage (%)</b>
Resuscitative in Theatre	1	0	1	100
Resuscitative In Labor Ward	2	2	0	0
Functional Intensive Care Unit	6	0	6	100
Renal Unit with at Least 5	5	0	5	100
Functional Operating Theaters	2	0	2	100

The deficit contravenes the first schedule of the Health Act, 2017 which requires that accessing the highest attainable standard of health, includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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 Board of Management and Finance Officer

During the period under review, the Hospital did not have a Board of Management contrary to Paragraph 1 of Nairobi City County Health Services Operational Manual which provides that the Hospital Management Board shall act as a link between the Hospital and the community it serves. In addition, the Hospital does not have a Finance Officer to prepare and sign financial statements.

In the circumstances, the Hospital will not be able to achieve its strategic objectives and ensure the accuracy of the financial statements.

#### 2. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital Management has not put in place a Risk Management Policy, strategies and risk register to mitigate against risk. It was therefore not clear how risk exposure was

managed. This was in contravention of Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to 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.

Further, the Hospital did not have Disaster Recovery and Business Continuity Plans required for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. This is contrary to provisions of Regulations 158 of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the existence of an effective risk management could not be confirmed.

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

### **Responsibilities of Management and 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 the 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 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, GBS  
**AUDITOR-GENERAL**

Nairobi

22 December, 2025

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

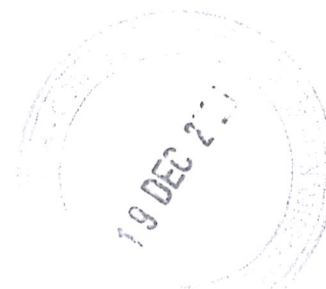
**13. Statement of Financial Performance for The Year Ended 30 June 2025**

Description	Note	2024/2025
		KSh
<b>Revenue from exchange transactions</b>		
<b>In kind contribution</b>	6	5,351,752
Rendering of services- Medical Service Income	7	4,707,600
<b>Revenue from exchange transactions</b>		
<b>Total revenue</b>		<b>10,059,352</b>
<b>Expenses</b>		
Medical/Clinical costs	8	1,997,001
Employee costs	9	805,000
Depreciation and amortization expense	10	36,500
Repairs and maintenance	11	217,396
General expenses	12	397,683
<b>Total expenses</b>		<b>3,453,580</b>
<b>Net Surplus for the year</b>		<b>6,605,772</b>

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

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

.....  
**Medical Superintendent**



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

**14. Statement of Financial Position as at 30<sup>th</sup> June 2025**

Description	Note	2024/2025
		Kshs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	13	2,519,757
Receivables from exchange transactions	14	627,589
Inventories	15	7,139,360
<b>Total Current Assets</b>		<b>10,286,706</b>
<b>Non-current assets</b>		
Property, plant, and equipment	16	255,500
<b>Total Non-current Assets</b>		<b>255,500</b>
<b>Total assets (A)</b>		<b>10,542,206</b>
<b>Current liabilities</b>		
Trade and other payables	17	55,000
<b>Total Current Liabilities</b>		<b>55,000</b>
		-
<b>Total Liabilities (B)</b>		<b>55,000</b>
		-
<b>Net assets (A-B)</b>		<b>10,487,206</b>
<b>Represented by:</b>		-
Revaluation reserve		-
Accumulated surplus		6,605,772
Capital Fund		3,881,434
		-
<b>Net Assets</b>		<b>10,487,206</b>

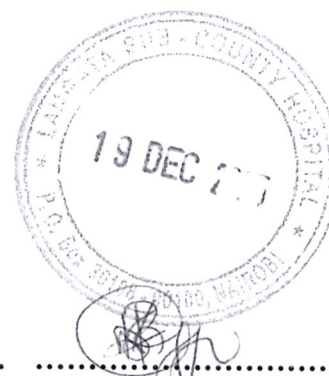
.....  
**Chairman**  
**Board of Management**

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

  
.....  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus	Capital Fund	Total
As at July 1, 2024	-	-	-	-
Revaluation gain	-	-	-	-
Surplus for the year	-	6,605,772	-	6,605,772
Capital/Development grants	-	-	-	-
As at June 30, 2025	-	6,605,772	-	6,605,772



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

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

.....  
**Medical Superintendent**

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

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

Description	Note	2024/2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Rendering of services- Medical Service Income		4,080,011
Miscellaneous receipts( <i>specify</i> )		-
<b>Total Receipts</b>		<b>4,080,011</b>
<b>Payments</b>		
Medical/Clinical costs		1,997,001
Employee costs		750,000
Repairs and maintenance		217,396
General expenses		397,683
<b>Total Payments</b>		<b>3,362,080</b>
<b>Net increase in cash and cash equivalents</b>		<b>717,931</b>
Cash and cash equivalents as at 1 July2024	27	1,801,826
<b>Cash and cash equivalents as at 30 June2025</b>	<b>27</b>	<b>2,519,757</b>



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

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

.....  
**Medical Superintendent**

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


Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Rendering of services- Medical Service Income	5,000,000	-	5,000,000	4,080,011	919,989	82%
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total receipts</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>4,080,011</b>	<b>919,989</b>	<b>82%</b>
<b>Payments</b>						
Medical/Clinical costs	3,000,000	-	3,000,000	1,997,001	1,002,999	67%
Employee costs	1,000,000		1,000,000	750,000	250,000	75%
Repairs and maintenance	400,000	-	400,000	217,396	182,604	54%
General expenses	600,000		600,000	397,683	202,317	66%
<b>Total Operational Expenditure</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>3,362,080</b>	<b>1,637,920</b>	
<b>Surplus</b>				<b>717,931</b>		<b>%</b>

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	717,931
1 Cash and cash equivalents as at 1 <sup>st</sup> July 2024	1,801,826
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>2,519,757</b>

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

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

  
 .....  
**Medical Superintendent**

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

### **1. General Information**

Langata Sub County Hospital entity is established by and derives its authority and accountability from public procurement finance management Act 2012. The entity is wholly owned by the Nairobi County Government and is domiciled in Nairobi County in Kenya. The entity's principal activity is to provide comprehensive healthcare services to the community including, preventive, promotive, curative and rehabilitative services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), 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><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

Standard	Effective date and impact
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

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

**b. Budget information**

The original budget for FY 2024/2025 was approved by County Management Health Committee. 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 hospital upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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.

**e. 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.

**f. Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **g. 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.

#### **h. Provisions**

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

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

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

**i. Nature and purpose of reserves**

The hospital creates and maintains reserves in terms of specific requirements.

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

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

**k. Related parties**

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

**l. 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.

**m. Subsequent events**

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.( IPSAS 1.140)

**Useful lives and residual values**

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

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

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

Description	2024/2025
	KShs
Salaries and wages	-
Medical supplies-Drawings Rights (KEMSA)	5,351,752
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-
Utility bills	-
<b>Total grants in kind</b>	<b>5,351,752</b>

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

Description	2024/2025
	Kshs
OPD service	1,662,431
Maternity services	2,417,580
Other medical services income ( <i>specify</i> )	-
<b>Total revenue from the rendering of services</b>	<b>4,080,011</b>
<b>Add receivables(Accrual)</b>	<b>627,589</b>
<b>Total revenue</b>	<b>4,707,600</b>

**8. Medical/ Clinical Costs**

Description	2024/2025
	Kshs
Laboratory chemicals and reagents	708,452
Food and Ration	439,901
Dressing and non-pharmaceuticals	275,000
Pharmaceutical supplies	491,300
Sanitary and cleansing Materials	82,348
<b>Total medical/ clinical costs</b>	<b>1,997,001</b>

**9. Employee Costs**

Description	2024/2025
	Kshs
Salaries, wages, and allowances	750,000
Other employee costs	-
<b>Employee costs</b>	<b>750,000</b>
<b>Add payables</b>	<b>55,000</b>
<b>Total</b>	<b>805,000</b>

**10. Depreciation and Amortization Expense**

Description	2024/2025
	Kshs
Property, plant and equipment	36,500
Intangible assets	-
Investment property carried at cost	-
<b>Total depreciation and amortization</b>	<b>36,500</b>

**11. Repair and Maintenance**

Description	2024/2025
	Kshs
Property- Buildings	121,666
Medical equipment	48,030
Furniture and fittings	8,700
Computers and accessories	39,000
<b>Total repairs and maintenance</b>	<b>217,396</b>

**12. General Expenses**

Description	2024/2025
	Kshs
Catering expenses	63,607
Bank charges	8,222
Contracted services	25,000
Electricity expenses	10,000
Fuel and Lubricants	29,260
Travel and accommodation allowance	36,500
Printing and stationery	70,244
Telephone and mobile phone services	43,850
Internet expenses	20,000
<b>Total General Expenses</b>	<b>397,683</b>

### 13. Cash And Cash Equivalents

Description	2024/2025
	KShs
Current accounts	2,519,757.95
Others( <i>specify</i> )- Mobile money	0
<b>Total cash and cash equivalents</b>	<b>2,519,757.95</b>

#### 13(a). Detailed Analysis of Cash and Cash Equivalents

Description		2024/2025
Financial institution	Account number	KShs
<b>a) Current account</b>		
Co-operative bank	01141132115600	2,428,047.95
Co-operative bank	01101675945001	91,710.00
<b>Sub- total</b>		<b>2,519,757.95</b>
<b>b) On - call deposits</b>		
<b>Grand total</b>		<b>2,519,757.95</b>

### 14. Receivables From Exchange Transactions

Description	2024/2025
	KShs
Medical services receivables	627,589
Less: impairment allowance	-
<b>Total receivables</b>	<b>627,589</b>

#### Analysis of Receivables From Exchange Transactions

Description	2024/2025	
	Kshs	% of the total
Less than 1 year	627,589	100%
Between 1- 2 years	-	%
<b>Total</b>	<b>627,589</b>	<b>%</b>

**15. Inventories**

Description	2024/2025
	KShs
Pharmaceutical supplies and non pharmaceuticals	1,490,213
Lab supplies	1,908,595
Food supplies	198,964
Linen and clothing supplies	3,353,500
Cleaning materials supplies	53,348
General supplies	135,000
<b>Total</b>	<b>7,139,620</b>

**Detailed disclosure on inventories**

	2024/2025
Opening balance	1,245,449
Additional Inventory in the year	8,445,263
Others specify	-
Closing balance	<b>7,139,620</b>

*Langata Sub County Hospital (Nairobi County Government)*  
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*Notes to the Financial Statements (Continued)*

**16. 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 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	30,000	65,000	197,000	-	-	<b>292,000</b>
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>30,000</b>	<b>65,000</b>	<b>197,000</b>	-	-	<b>292,000</b>
<b>At 30<sup>th</sup> Jun 2025</b>									
<b>Depreciation</b>									
Depreciation for the year	-	-	-	3,750	8,125	24,625	-	-	<b>36,500</b>
Impairment	-	-	-	-	-	-	-	-	-
<b>At 30 June 2025</b>	-	-	-	<b>3,750</b>	<b>8,125</b>	<b>24,625</b>	-	-	<b>36,500</b>
<b>Net book values</b>	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>26,250</b>	<b>56,875</b>	<b>172,375</b>	-	-	<b>255,500</b>

**17. Trade and other Payables**

Description	2024/2025	
	KShs	
Employee dues	55,000	
Doctors' fee	0	
<b>Total trade and other payables</b>	<b>55,000</b>	
<b>Ageing analysis:</b>	<b>Current</b>	<b>% of the</b>
	<b>2024/2025</b>	<b>Total</b>
Under one year	55,000	100
1-2 years	-	-
<b>Total</b>	<b>55,000</b>	<b>-</b>

**18. 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.

Nairobi County Government is the principal shareholder of the hospital, holding 100% of the hospital'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

**19. Events after the Reporting Period**

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

**20. Ultimate and Holding Entity**

The entity is a County Government Health Facility under the Department of Health. Its ultimate parent is the County Government of Nairobi.

**21. Currency**

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

