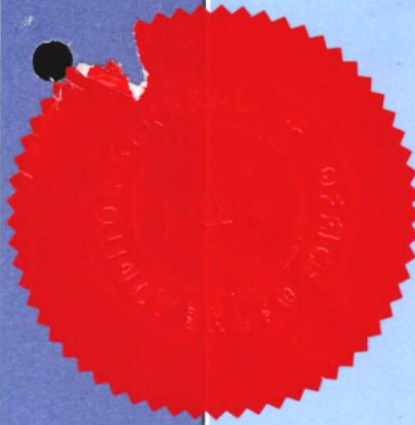
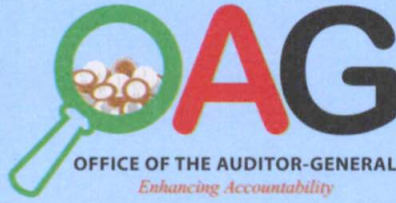


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REPORT

OF

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THE AUDITOR-GENERAL

ON

NDINDIKA LEVEL FOUR HOSPITAL

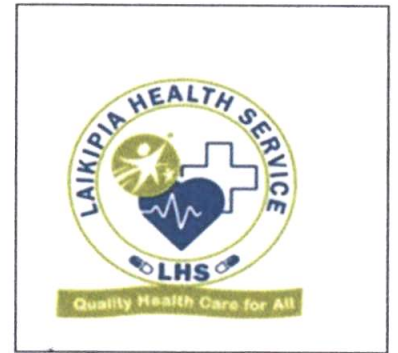
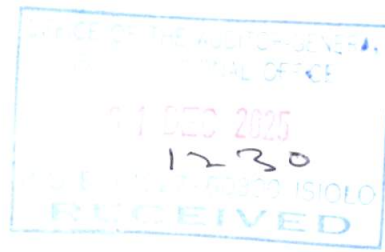
FOR THE YEAR ENDED 30 JUNE, 2025

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COUNTY GOVERNMENT OF LAIKIPIA



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NDINDIKA LEVEL FOUR HOSPITAL **(COUNTY GOVERNMENT OF LAIKIPIA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

| | |
|---------|-----------------------------------|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| WASH | Water And Sanitation Hygiene |
| CECM | County Executive Committee Member |
| HMT | Hospital Management Team |
| LHS | Laikipia Health Services |
| SRC | Salary & Remuneration Commission |
| CHP | Community Health Promoters |
| FIF | Facility Improvement Fund |
| J.G | Job Group |
| PHC | Primary Health Care |
| KRA | Key Result Areas |

2. Key Entity Information and Management

(a) Background information

Ndindika Sub-County Hospital is a level 4 facility under Laikipia County’s Health Department, Laikipia Health Services (LHS). It was initially established in 1960 as an outreach service site. Later that same year, it was upgraded to a dispensary. In 1982, the facility was further upgraded to a health centre. It attained sub-county hospital status through Gazette (Supplement No. 6) Legal Notice No. 3 in 2017. The hospital is governed by a Board of Management appointed under Gazette Notice No. 15266 in 2024.

(b) Principal Activities

The principal mandate of the hospital is to:

- To provide quality, accessible and affordable health care services
- To Facilitate preventive, promotive and rehabilitative services to the community
- To provide training to different health professionals
- To conduct research in diverse public health fields

(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 30th June 2025 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---------------------------------|---------------------------------|
| 1. | Medical Superintendent | DR. DAVID MURAGE KARIUKI |
| 2. | Accountant | DANSON KARUGU MARIO |
| 3. | Procurement officer | ZABLON MWANIKI NJOROGE |
| 4. | Nursing officer | MARY WACEKE KARIUKI |
| 5. | Accounts controller | CHARLES M NTONJIRA |
| 6. | Laboratory Officer in charge | DAVID WANJUKI GITERU |
| 7. | Pharmacy Officer in charge | MOSES MBUTHI |
| 8. | Clinical Officer in charge | RONALD MUTAI KIBET |
| 9. | Public health officer in charge | DUNCAN KANYI GACHARA |
| 10. | Nursing officer in charge | TABITHA WAMUYU MWANGI |
| 11. | CCC in charge | AMOS NJOROGE KAMANDE |

(e) Fiduciary Oversight Arrangements

- Senate Parliamentary committee
- Office of the Auditor General
- County Assembly
- County Treasury
- Laikipia Revenue Board
- County Internal Audit
- Department of Health/Laikipia Health Services
- Digital Health Authority
- Other oversight committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 60-20320
Nyahururu-Ndindika Road
KINAMBA, KENYA

(g) Entity Contacts

Telephone: (+254) 717 774 421
E-mail: ndindikahospital@gmail.com

(h) Entity Bankers

Kenya Commercial Banks (KCB) – Rumuruti
Kenya Commercial Banks (KCB) – Nyahururu

(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. 1271-10400
Nanyuki, Kenya




3. The Board of Management






| Ref | Directors | Details |
|-----|---|---|
| 1. |  <p>Dr. EPHANTUS MURAGE WACHIRA Chief Medical Specialist Board Chairman</p> | <p>61 years. Holds MBChB and MMed in Obstetrics & Gynaecology from the University of Nairobi, with advanced training in sexual and reproductive health (Lund University, Sweden) and reproductive endocrinology and minimal invasive surgery (Kiel University, Germany). Served 32 years at Kenyatta National Hospital, retiring as Chief Medical Specialist. Currently Director at Savannah Hospital. Led several large health projects including a Ksh. 23M maternity ward renovation with M-Pesa Foundation and is spearheading a Ksh. 50M maternity wing at Ndindika Sub-County Hospital. Alumni of Strathmore Business School.</p> |
| 2. |  <p>LUCY WANGARI MUTORU Religious Group Representative</p> | <p>61 years. Alumna of Alliance Girls and Nyandarua High. Holds a degree from Kampala International University. Worked as a teacher from 1990 to 2024, serving as Deputy Headteacher and later Headteacher. Currently a farm manager at Richmod Farm. Also active as a motivational speaker, counselor, preacher, and church leader at PCEA Marmanet.</p> |
| 3. |  <p>PETERSON NDEGWA MUTHUA Financial Matters Representative</p> | <p>41 years. Accountant with a background in social work and education. Early career at St. Martin Catholic Social Apostolate and St. Mark Catholic Parish Ol Moran. Later worked as School Administrator at Tumaini Academy. Experience in the private sector as Sales Representative for Devian Food Industries and currently Dabur International in</p> |



| | | |
|----|---|---|
| | | the Mt. Kenya Region. Brings strong financial oversight and community engagement experience. |
| 4. |  PAULINE WANJIKU MUNGAI NGOs Representative | Born 1957. Studied housekeeping, catering, child care, and later earned a Diploma in Institutional Management at Kenya Polytechnic. Worked as a Home Science Instructor at Karuru Polytechnic and as a cateress in several secondary schools including Kyeni Girls, Uthiru Girls, Nyahururu Boys, and Leshau Boys. Over 30 years' experience in education, catering, and NGO-linked community service. |
| 5. |  IRENE WANGARI WAMBUGU PWDs Representative | 52 years. Trained in Hotel Management and Consultancy. Active member of the National Council for Persons with Disabilities (Member No. NCPWD/P/608933). Advocates for inclusion of persons with disabilities and contributes lived experience to the board's decisions. |
| 6. |  ESTHER WACHERA KIRUGI Women Organization in Health Representative | Educator and community leader with over 30 years' experience. Trained at Shanzu Teachers College, KISE, and KEMI. Served as teacher and later Headteacher, founding OI Ngarua Special School for the Mentally Handicapped, which she led until retirement in 2023. Currently engaged in gender and community development projects with Hivos and Seed Savers Network. Also chairs Laikipia Avocado Growers Cooperative. |

| | | |
|----|---|--|
| 7. |  Dr DAVID MURAGE KARIUKI Board Secretary | <p>He holds an MBChB and an MSc in Field Epidemiology from Moi University. He was the inaugural Medical Superintendent of Ndindika Sub-County Hospital, where he oversaw its transition from a health centre to a Level 4 hospital and established the core administrative and clinical systems that continue to guide its operations.</p> |
|----|---|--|

4. Key Management Team

| Ref | Management | Details |
|-----|--|--|
| 1. |  Dr DAVID MURAGE KARIUKI | <p>Medical Superintendent Msc. Field Epidemiology</p> |
| 2. |  DANSON MARIO KARUGU | <p>Hospital Accountant Bachelor in commerce-Finance/CPA intermediate level</p> |
| 3. |  ZABLON MWANIKI NJOROGE | <p>Procurement Officer Bachelor in Procurement and Supply Chain Management Diploma in Management option purchasing and supplies management</p> |

| | | |
|----|--|---|
| 4. |  MARY WACEKE KARIUKI | <p>Chief Nursing Officer Diploma in Nursing</p> |
| 5. |  MOSES MBUTHI KURIA | <p>Pharmaceutical Technologist- Pharmacy In-charge Diploma in Pharmacy</p> |
| 6. |  TABITHA WAMUYU MWANGI | <p>Nursing officer - Nurse In-Charge Diploma in Community Health Nursing</p> |
| 7. |  RONALD KIBET MUTAI | <p>Senior Clinical Officer - Clinician In-charge Diploma in Clinical Medicine & Surgery</p> |
| 8. |  | <p>Senior Clinical Officer - CCC In-charge Diploma in Clinical Medicine & Surgery</p> |

| | | |
|-----|--|---|
| | AMOS KAMANDE NJOROGI | |
| 9. |  DUNCAN KANYI GACHARA | Chief Assistant Public Health Officer |
| 10. |  DAVID WANJUKI GITERU | Principal Medical Laboratory Technologist- Laboratory in charge Diploma in Medical Laboratory Technology |

5. Chairman's Statement



On behalf of the Board of Management, I present the annual statement for Ndindika Sub-County Hospital.

The hospital continues to serve the communities of Ngarua, Sipili, Mwenje, and Kamwenje, with a catchment population of approximately 20,000 people. As a Level IV facility with a 29-bed capacity, it remains the primary referral point in the region.

This year, the hospital made significant progress. A very successful medical camp attended by over 1,200 residents highlighted our commitment to expanding access to care. Fortnightly virtual meetings with the senior management team ensured timely updates on hospital operations. Two meetings with the Governor and his team led to an allocation of Ksh. 20 million for key infrastructure projects, including a dialysis centre, expansion of the laboratory, construction of a mortuary, development of physiotherapy and renal units, establishment of an X-ray room, renovation of the morgue, and improvement of the drainage system. While these projects are ongoing, progress has been slower than anticipated.

The hospital secured substantial partner support. Safaricom Mpesa Foundation approved a grant of Ksh. 50 million for construction and equipping of a new Mother-Child Unit. The Kenya Tourism Fund contributed Ksh. 1.7 million for essential medical equipment, including monitors and a nebulizer. Additional proposals have been submitted to various partners, with several showing promising prospects.

Despite these achievements, challenges remain. Communication with county officials is often limited, slowing the progress of projects. The hospital continues to face staffing shortages, especially in clinical and specialized positions, which constrains service delivery.

Looking forward, the Board remains determined to position Ndindika Sub-County Hospital as a fully functional Level IV facility by the end of next year. Achieving financial sustainability and strengthening human resource capacity are top priorities. Once Level IV status is attained, we propose full access to the hospital's internally generated funds and the authority to hire and remunerate staff directly, ensuring that resources are fully aligned with service needs.

With continued partner support, County Government investment, and focused leadership, Ndindika Sub-County Hospital is poised to expand services, enhance quality of care, and become a reliable centre of excellence in the region.

A handwritten signature in blue ink, appearing to read 'Ephantus Wachira Murage'. The signature is stylized and somewhat abstract, with several overlapping lines.

Ephantus Wachira Murage

Chairman to the Board

6. Report of The Medical Superintendent

Ndindika Sub County Hospital is a Level IV facility with a capacity of 29 beds. It serves as the main referral centre for the communities of Ngarua, Sipili, Mwenje, and Kamwenje, with a catchment population of about 20,000 people. The hospital is guided by the Strategic Plan (2024–2028), anchored on five Key Result Areas (KRAs):



1. Quality Healthcare Services
2. Governance and Leadership
3. Human Resources for Health
4. Healthcare Financing
5. Health Infrastructure

Our vision is to be the leading provider of accessible, affordable, and high-quality healthcare in the region. Our mission is to deliver preventive, promotive, and curative services while fostering sustainability and exceeding patient expectations.

Partnerships remained central in expanding services and strengthening capacity. Safaricom Foundation awarded a grant of Ksh. 50 million for the construction of a Mother-Child Unit, a milestone project that will improve maternal and child health outcomes. The hospital also partnered with Beth Mugo Foundation, Savannah Hospital, Aga Khan Hospital, Pearl Hospital, and Caritas Nyahururu in conducting medical camps and community outreach programs. These initiatives extended specialized services to hundreds of residents who would otherwise have had limited access.

In the financial year, outpatient attendance was 28,703. Inpatient admissions increased from 967 in the previous year to 1,381, representing a 43% rise. This reflects improved community trust and growing service capacity.

Several reforms were introduced to strengthen efficiency:

- Implementation of a paperless outpatient system
- Transition to cashless payment methods, reducing leakages and improving accountability
- Centralized commodity storage for better stock management
- Improved stock availability and prescription fill rates, minimizing treatment delays

The hospital has 52 staff members. No additional staff were recruited during the year. Staffing remains the hospital's greatest challenge. The current structure includes four clinical officers, one medical officer, eight nurses, two pharmaceutical technologists, and no specialized clinical officers or consultants. The shortage has resulted in frequent referrals to higher-level facilities, which not only affects patient satisfaction but also leads to loss of potential revenue.

The hospital initiated several important projects:

- Construction of a mortuary
- Establishment of an X-ray room and leasing of an X-ray machine
- Development of physiotherapy and renal unit

These projects are expected to reduce referrals, expand diagnostic capacity, and diversify hospital services. The County Government also supported theatre expansion and renovation of service areas.

The hospital generated approximately Ksh. 18 million in revenue during the year, compared to Ksh. 6,306,245 the previous year. This represents a 185% increase in revenue, demonstrating significant growth in financial performance.

Revenue was derived mainly from:

- Fee-for-service payments processed through the cashless system
- Insurance reimbursements from SHIF and MINET
- PHC capitation

While financial performance improved, PHC disbursements remain unpredictable in both timing and value, limiting planning. All locally generated revenue was retained and fully reinvested in hospital operations. The County Government continued to supplement with staff remuneration and capital projects, including theatres, X-ray and renal units, and equipment leasing.

Key challenges faced during the year include

- Severe shortage of skilled staff, particularly clinical officers, nurses, and specialists
- High referral rates, leading to revenue loss and patient inconvenience
- Unpredictable PHC funding disbursements that complicate planning
- Limited specialist services compared to community health needs

Ndindika Sub County Hospital is on a growth path. Outpatient and inpatient numbers continue to rise, revenue nearly tripled during the year, and major infrastructure projects are underway. With the upcoming launch of the 2024–2028 Strategic Plan, strengthened partnerships, and County Government support, the hospital is well-positioned to expand services, improve financial sustainability, and deliver quality care to the community.



Dr David Murage Kariuki

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity, to include in the financial statement, a statement of the entity’s performance against predetermined objectives.

Ndindika Sub County Hospital anchors its operations on five strategic pillars outlined in the 2024–2028 Strategic Plan: These strategic pillars are as follows;

1. Quality Healthcare Services
2. Governance and Leadership
3. Human Resources for Health
4. Healthcare Financing
5. Health Infrastructure

Ndindika Sub County Hospital develops its annual development plans based on the above 5 pillars. Assessment of the hospital management’s/ Board’s performance against its annual development plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the table below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------------------------|--|---|--|---|
| Quality Healthcare Services | Enhance Comprehensive Health Care Services | Enhanced operationalization of the facility departments | Establishment and full functionality of a dedicated theatre within the healthcare facility to facilitate surgical procedures | <ul style="list-style-type: none"> ✓ Part of theatre equipment procured and installed ✓ X-ray and open chemistry machine purchased |
| | | | Installation of necessary equipment such as oxygen systems | <ul style="list-style-type: none"> ✓ Ongoing project on construction oxygen manifold and piping underway |
| | | Improve Service Delivery | Ensuring the availability of essential pharmaceuticals and laboratory supplies | <ul style="list-style-type: none"> ✓ Larger share of FIF fund goes to procurement of medical drugs, laboratory material and ambulance services |
| | | | Hiring additional personnel to meet operational demands | <ul style="list-style-type: none"> ✓ Clinician, lab tech, revenue, accountant and procurement officers have been employed as additional staff |

| | | | | |
|---------------------------------------|---|--|--|--|
| | | | | <ul style="list-style-type: none"> ✓ Recruitment of medical staff ongoing through CPSB |
| | Enhance accessibility | procure modern equipment and technology | Focuses on offering comprehensive level four service | <ul style="list-style-type: none"> ✓ Purchase of open chemistry laboratory machine ✓ Acquiring Xray machine through county government |
| Good Governance and Leadership | Promote Good Facility Governance and Stakeholder Engagement | Improve Accountability, Transparency, and Feedback Mechanism | Conducting regular quality audits, ensuring data security and privacy, and promoting continuous training on new technologies and systems | <ul style="list-style-type: none"> ✓ Health Audit Committee has been formed ✓ Other committees like waiver committee formed ✓ 2 weekly management meeting |
| | | Promote Stakeholder Collaboration and Partnership | Focuses on building strong relationships with stakeholders, including the board, community members, and NGOs | <ul style="list-style-type: none"> ✓ Working with CHPs through Public health officer to reach medical care to the community ✓ engagement with Safaricom Foundation, KWS, Kenya tourism fund, AMREF and Mukhtan conservancy has been done with some agreement reached |
| | | | | <ul style="list-style-type: none"> ✓ Ongoing WASH program in collaboration with Nyahururu diocese WASH program ✓ Support of outreaches by Caritas URAIA |

| | | | | |
|---------------------------------------|---|---|---|---|
| Human Resource for Health | Retain Skilled and Motivated Workforce | Enhanced training and staff satisfaction | encompasses initiatives aimed at enhancing staff amenities, motivation workshops, conducive working environment, on job training, benchmarking and overall job satisfaction within the healthcare facility | ✓ At least every staff has been trained once in the reporting period |
| Effective Healthcare Financing | Improving Financial Sustainability | Resource Mobilization | focuses on optimizing resource utilization and generating additional income through various means, such as reducing leakages and wastage, increasing service deliveries, and partnering with corporates, donors, and insurance providers. | <ul style="list-style-type: none"> ✓ FIF 100% retention ✓ Engagement with Safaricom Foundation, KWS, Kenya tourism fund and Mukhtan conservancy has been done with some agreement reached |
| Health Infrastructure | Construction of new complete building | Upgrade and Improve Inpatient and Outpatient Department | focuses on enhancing the infrastructure and services provided within the inpatient and outpatient departments of the facility | <ul style="list-style-type: none"> ✓ Awarded 50M grant by Safaricom Foundation, to build mother-child unit ✓ AMREF project on Oxygen manifold and piping ongoing |
| | building a morgue and completely equipping it | Construction of a mortuary | This strategy focuses on enhancing infrastructure needed for the facility to attain level 4 status whereas a morgue is a necessary requirement | ✓ Construction ongoing tender issued |
| | Installation of health system | Installation of a 99.9% electronic health solution | enhance paperless system of patient treatment and payment in the facility | ✓ Taifa Care electronic medical record system installed |

8. Corporate Governance Statement

Appointment of Board members is guided by the Laikipia Health Services Act, 2014. The CECM appointed the Chair and members under Section 9 of the Act, through Gazette Notice No. 15266 issued by the Governor of Laikipia County. Appointments consider skills mix to ensure expertise in areas such as finance, women's organizations, persons with disabilities, NGOs, faith-based organizations, and health.

A Board member may leave office through:

- Written resignation to the Executive Member
- Removal by the Executive Member, in consultation with the Governor, for:
 - Violation of the Constitution or any written law
 - Gross misconduct
 - Physical or mental incapacity
 - Absence from three consecutive meetings without approval
 - Incompetence
 - Bankruptcy

All appointed members were inducted in January 2024. Their mandate is to:

- Provide oversight over hospital administration
- Promote hospital development
- Approve plans and programs for implementing County health strategies
- Approve estimates before submission to the Executive Member
- Perform any other function assigned by the Executive Member

The Board submits an annual progress report to the CECM. In the reporting year, two Board meetings were held. The July meeting was postponed to 7th July 2025 due to lack of quorum. Virtual joint HMT–Board oversight engagements were held weekly throughout the year.

Attendance Record

| NO. | NAME | | MEETING | QTR 1 | QTR 2 | QTR 3 | QTR 4 | | |
|-----|--------------------|-----------|---------------|-------|-------|------------|---|--------|--------|
| 1 | DR. EPANTUS MURAGE | CHAIRMAN | BOARD MEETING | NONE | NONE | 23/01/2025 | 12/06/2025 POSTPONED TO 07/07/2025 | | |
| 2 | DR. DAVID MURAGE | SECRETARY | | | | | | | |
| 3 | IRENE WAMBUGU | MEMBER | | | | | | | |
| 4 | PAULINE MUNGAI | MEMBER | | | | | | | |
| 5 | ESTHER KIRUGI | MEMBER | | | | | | | |
| 6 | LUCY MUTORU | MEMBER | | | | | | | |
| 7 | DANSON MARIO | CO-OPTED | | | | | | | |
| 8 | MARY KARIUKI | CO-OPTED | | | | | | | |
| 10 | PHILIP BUNDOTICH | MEMBER | | | | | | ABSENT | ABSENT |
| 11 | DR. DONALD MUGOI | MEMBER | | | | | | ABSENT | ABSENT |

Conflict of Interest

Declaration of Conflict of Interest is a standing agenda item. Members must disclose any direct or indirect interest in transactions or activities that may conflict with Board duties.

Remuneration

Board members are remunerated as follows

| Type of Allowances | Chairman | Member |
|--------------------------|-------------|-------------|
| Sitting Allowance | Ksh 15,000 | Ksh 10,000 |
| Accommodation and Travel | SRC J.G "S" | SRC J.G "R" |

Code of Conduct

The conduct of Board members is guided by the provisions of the First Schedule of the Laikipia Health Services Act, 2014, and any other applicable laws. Members are required to uphold integrity, accountability, professionalism, and compliance with all statutory obligations.

Term of Office

The term of office is three years, renewable once for a further and final term. After this, a member must retire for at least three years before being eligible for reappointment. The current Board is serving its first term.

9. Management Discussion and Analysis

The hospital attended to 28,703 outpatients and 1381 inpatients during the year ending 30th June 2025. Maternal deliveries stood at 617.

Clinical/operational performance

Bed capacity of the hospital.

| No. | Ward | No. Of Beds |
|--------------|-----------------|-------------|
| 1 | Postnatal Ward | 7 |
| 2 | Paediatric Ward | 7 |
| 3 | Female Ward | 7 |
| 4 | Antenatal Ward | 4 |
| 5 | Male Ward | 4 |
| TOTAL | | 29 |

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

| Year | Inpatient Admission | Total Outpatient | Total |
|-----------|---------------------|------------------|--------|
| 2021/2022 | 1,073 | 25,028. | 26,101 |
| 2022/2023 | 999 | 28,667. | 29,666 |
| 2023/2024 | 967 | 30,636. | 31,603 |
| 2024/2025 | 1,381 | 28,703. | 30,084 |

Summary of key indicators for the FY 2024/2025

| Indicator | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Average length of stay (Days) | 1 | 3 | 3 | 3. |
| Bed Occupancy rate (%) | 11 | 20 | 27 | 42 |
| Mortality rate (%) | 0.65% | 1.10% | 1.45% | 0.87% |

Summary of specialised clinics FY 2024/2025

| period | SPECIALISED CLINIC ATTENDANCE | | | | | TOT ALS |
|-----------------------|-------------------------------|--------------|---------------------------------|------------------|-----------------------|---------|
| | Diabetes | Hypertension | Comprehensive Care Clinic (CCC) | Nutrition Clinic | Psychiatry Attendance | |
| July 2021 - June 2022 | 61 | 140 | 2,918 | 633 | 270 | 4,022 |
| July 2022 - June 2023 | 180 | 435 | 2,807 | 897 | 155 | 4,474 |
| July 2023 - June 2024 | 194 | 502 | 1,893 | 634 | 188 | 3,411 |
| July 2024 - June 2025 | 274 | 613 | 1,934 | 1,203 | 324 | 4,348 |

Sponsorships and partnerships

Through Board-led resource mobilization, the following partners approved grants to support Ndindika Sub County Hospital. These grants will be reflected in the next financial statements, pending documentation and disbursement.

| Partners | Nature of Work |
|--------------------------------|---|
| Safaricom Foundation | Approved grant of Ksh 50M tendering ongoing for mother child block |
| Kenya Tourism Fund | Approved grant of Ksh 1.5M for medical equipment |
| County Govt of Laikipia | Approve a grant of 20M for refurbishment of building (Morgue, X-ray Unit, Physiotherapy Unit, Renal Unit and Septic Tank) |
| AMREF Kenya | Approved grant for construction of oxygen manifold and piping |

Financial performance that includes: -

▪ **Revenue sources,**

| FY 2024/2025 Revenue | | |
|-----------------------------|-------------------|--------------------|
| Department | Amount Ksh | Percentage% |
| Inpatient | 1,960,808 | 31.44% |
| Laboratory | 1,114,578 | 17.87% |
| Outpatient | 1,129,746 | 18.12% |
| Pharmacy | 1,703,855 | 27.32% |
| Clinics | 39,400 | 0.63% |
| Records | 800 | 0.01% |
| Public Health | 10,500 | 0.17% |
| Vehicle Transport | 26,500 | 0.42% |
| Medical Legal | 34,000 | 0.55% |
| MCH/FP | 92,500 | 1.48% |
| Waiver/Exemptions | 123,200 | 1.98% |
| Total | 6,235,887 | 35.33% |
| SHA/NHIF Collection | 11,416,873 | 64.67% |
| Total | 17,652,760 | 100.00% |

Ndindika Level Four Hospital (County Government of Laikipia)
Annual Report and Financial Statements for The Year Ended 30th June 2025

▪ **Utilisation of funds**

Some of the approved funds were transferred to the hospital's operations account towards the end of the financial year. As a result, utilization was limited due to ongoing procurement processes. All goods and services are procured in accordance with the County Government of Laikipia procurement procedures to ensure transparency, accountability, and compliance with statutory requirements.

| Item Code | Item Description | Cumulative AIE Received | Actual Expenditure | Balance | Absorption Rate % |
|-----------|--|-------------------------|--------------------|------------------|-------------------|
| 2210303 | Accommodation - Domestic Travel | 874,000 | 869,829 | 4,171 | 99.52 |
| 2210802 | Boards, Committees, Conferences and Seminars | 120,000 | 55,000 | 65,000 | 45.83 |
| 2210801 | Catering Services (receptions), Accommodation, Gifts, Food and Drinks | 440,000 | 85,000 | 355,000 | 19.32 |
| 2211002 | Dressings and Other Non-Pharmaceutical Medical Items | 1,221,800 | 921,659 | 300,141 | 75.43 |
| 2210101 | Electricity | 400,000 | 225,354 | 174,646 | 56.34 |
| 2211015 | Foods and Rations | 2,579,210 | 2,140,389 | 438,821 | 82.99 |
| 2211101 | General Office Supplies (papers, pencils, forms, small office equipment etc) | 192,457 | 192,440 | 17 | 99.99 |
| 2210202 | Internet Connections | 115,000 | 16,000 | 99,000 | 13.91 |
| 2211008 | Laboratory Materials, Supplies and Small Equipment | 1,730,243 | 1,349,901 | 380,342 | 78.02 |
| 3111107 | Purchase of Laboratory Equipment | 415,280 | 408,120 | 7,160 | 98.28 |
| 2220101 | Maintenance Expenses - Motor Vehicles | 300,000 | 255,000 | 45,000 | 85.00 |
| 2220205 | Maintenance of Buildings and Stations -- Non-Residential | 385,000 | 295,809 | 89,191 | 76.83 |
| 2220201 | Maintenance of Plant, Machinery and Equipment (including lifts) | 690,000 | 690,000 | - | 100.00 |
| 3110399 | Refurbishment of Buildgs - Others | 200,000 | - | 200,000 | - |
| 2211001 | Medical Drugs | 2,155,000 | 1,769,992 | 385,008 | 82.13 |
| 2211204 | Other Fuels | 133,326 | 95,000 | 38,326 | 71.25 |
| 2211021 | Purchase of Bedding and Linen | 556,000 | 555,761 | 239 | 99.96 |
| 3111002 | Purchase of Computers, Printers and other IT Equipment | 1,000,000 | - | 1,000,000 | - |
| 3111101 | Purchase of Medical and Dental Equipment | 50,000 | 49,900 | 100 | 99.80 |
| 2211102 | supply of accessories, computer and pr | 112,872 | - | 112,872 | - |
| 2211016 | Purchase of Uniforms and Clothing - Staff | 160,000 | 159,000 | 1,000 | 99.38 |
| 2211006 | purchase of workshop tool, spares &small | 155,000 | 154,999 | 1 | 100.00 |
| 2211399 | other operating expenses | 8,000 | - | 8,000 | - |
| 2211201 | Refined Fuels and Lubricants for Transport | 2,700,000 | 2,300,000 | 400,000 | 85.19 |
| 2211103 | Sanitary and Cleaning Materials, Supplies and Services | 280,799 | 210,395 | 70,404 | 74.93 |
| 2210201 | Telephone, Telex, Facsimile and Mobile Phone Services | 99,745 | 23,000 | 76,745 | 23.06 |
| 2211301 | Bank Service Commission and Charges | 15,000 | 5,782 | 9,218 | 38.55 |
| 2210502 | Publishing & Printing Services | 150,000 | 2,000 | 148,000 | 1.33 |
| 2210899 | Hospitality Supplies - other (| 100,000 | - | 100,000 | - |
| | TOTALS | 17,338,732 | 12,830,330 | 4,508,402 | 74.00 |



Dr David Murage Kariuki
Medical Superintendent

10. Environmental And Sustainability Reporting

i. Sustainability Strategy and Profile

The facility demonstrates a strong commitment to sustainability by integrating it into its core healthcare mandate. By focusing on preventive and comprehensive services, the facility is a key partner in improving community health outcomes. This commitment is highlighted by the partnership with a local NGO (Caritas Nyahururu Diocese) to provide WASH (Water, Sanitation, and Hygiene) services and Caritas URAIA to conduct preventive health outreaches. This collaboration exemplifies the facility's proactive role in addressing broader public health issues.

Furthermore, the facility's procurement process is a clear example of its dedication to social sustainability. By utilizing the county's pre-qualified supplier list, the facility ensures a fair and transparent purchasing process. A key achievement of this practice is the policy to allocate a minimum of 30% of contracts to local businesses owned by specific groups—youth, women, and persons with disabilities. This practice not only secures essential supplies but also directly supports local economic development and empowerment within the community.

The facility has been partnering with training institutions, e.g., KMTC and universities, by offering training grounds.

Corruption prevention, premised on zero tolerance to corruption and corrupt practices, is embedded in Ndindika Sub County Hospital's core values of personal and institutional integrity, honesty, transparency, accountability, fairness, and ethical conduct at all times.

ii. Environmental Performance

The facility has taken practical and effective steps to reduce its environmental footprint, even without a formal environmental policy. The paperless outpatient department has been a major success, significantly reducing paper usage and waste.

The facility's approach to waste management is well-defined. Segregated bins are provided for both staff and patients throughout the facility to ensure proper sorting at the source. The segregated waste is then disposed of in a designated pit, while sharps are incinerated on-site, a crucial practice for safety and environmental protection.

In addition, the facility's commitment to sustainability is evident in other practices, including a secure water supply from a borehole that is tested monthly by NYAHUWASCO for safety. The hospital's ambulance is regularly maintained through budget allocations to reduce CO2 emissions, and the upkeep of green spaces with trees on the grounds contributes to local biodiversity.

iii. Employee Welfare

The facility prioritizes a safe and secure work environment for all employees. Most staff are employed and remunerated directly by the county, providing a standardized and stable employment framework.

Employee safety is a top priority, supported by a range of measures. All staff are required to wear uniforms or coats for easy identification and personal protection. The facility provides Personal Protective Equipment (PPE), such as masks and gloves, and offers comprehensive training to all employees. An incident book is maintained to document any accidents, and no work-related injuries were reported during the reporting period. Furthermore, security officers are stationed within the facility to ensure staff safety and assist in managing situations involving violent patients.

iv. Market Place Practices

The facility is committed to upholding responsible and ethical practices in all interactions with patients, suppliers, and the public. Patient satisfaction is a primary objective, and service delivery is designed for efficiency and transparency. Patients are received and directed by staff at the reception area, where any complaints are handled appropriately. The billing system is well-managed with sufficient staff and multiple cashless payment options, including M-Pesa and insurance partnerships.

In its relationship with suppliers, the facility maintains a high standard of business practice. It honours all contracts and ensures that bills are paid promptly, with only accrued expenses. This responsible approach to supplier relations fosters trust and supports the business ecosystem. Procurement is managed through the county procurement system, where pre-qualified suppliers are selected, and a Request for Quotation (RFQ) process is used for most purchases, ensuring fairness and open competition. The hospital, through CHPs, has been conducting awareness and registration of SHA and offering PHC services. Centralization of the hospital store enables suppliers to deliver goods easily and improves stock management, reducing leakages.

v. Corporate Social Responsibility / Community Engagements

The facility's commitment to its public health mandate extends beyond its physical premises through a robust Corporate Social Responsibility (CSR) program. The facility actively seeks partnerships with various organizations to provide free support to the community, such as City Eye Hospital and Eye & You for ophthalmology services. This year, there were about 10 visits for this purpose. These collaborations enable the delivery of critical healthcare services to under-served populations.

Key activities during the reporting period included organizing and conducting several free medical camps that saw 1,500 patients in a day, and about three community outreaches. These events provided essential health services, including preventive care, free of charge to a broad section of the population. These initiatives not only improve community health but also serve as a vital form of public participation and civic education, building trust and strengthening the bond between the facility and the citizens it serves. Sensitization on non-communicable diseases in the community has been ongoing throughout the reporting period. A community scorecard was introduced to obtain feedback from the community on the services provided through questionnaires.

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 the entity are

- i. To provide both curative (treatment of illness) and preventive (disease prevention, health education) services, along with promotive (improving overall health) and rehabilitative (restoration of function) care
- ii. Provide facilities for education and training in Nursing and other health and allied professions
- iii. To function as the main referral hospital to lower facilities in our sub county

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to page 31

Board of Management

The members of the Board who served during the year are shown on page v, vi, vii. During the year, no director(s) retired/ resigned. However, two board member information is not set out due to their unavailability in meetings and lack of formal communication in document form.

Auditors

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

By Order of the Board



Dr David Murage Kariuki

Secretary of the Board

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 2a, 3 & 4 requires the Board of Management to prepare financial statements in respect of that Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the Hospital for that year/period. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

The Board of Management is responsible for the preparation and presentation of the Hospital’s financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

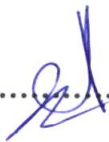
The Board of Management accepts responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and FIF Act 2023(23). The Board members are of the opinion that the Hospital’s financial statements give a true and fair view of the state of Hospital’s transactions during the financial year ended June 30, 2025, and of the Hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital’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

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 25th August, 2025 and signed on its behalf by:



.....
Name: Dr Ephantus Wachira Murage
Chairperson
Board of Management



.....
Name: Dr David Murage Kariuki
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NDINDIKA LEVEL FOUR HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF LAIKIPIA

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 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 Ndindika Level Four Hospital set out on pages 1 to 33, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ndindika Level Four Hospital 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 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Capital/ Development Grants

The statement of changes in net assets reflects a balance of Kshs.30,836,813 as at 30 June, 2025, which includes capital/ development grants balance of Kshs.11,743,606. However, Management did not provide supporting ledgers, schedules, or other relevant documentation necessary to verify the movement and accuracy of the grants.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.30,836,813 could not be confirmed.

2. Unsupported Transfers from Other Government Entities

The statement of financial performance and Note 7 to the financial statements reflect transfers from other government entities amounting to Kshs.3,366,146, which include Kshs.1,500,000 transferred from the Nyahururu Hospital collection account. However, the transfer was not supported by detailed schedules or explanatory documentation to confirm its nature, purpose, and authorization.

In the circumstances, the accuracy and completeness of the transfers from other government entities balance of Kshs.3,366,146 could not be confirmed

3. Unexplained Variance on Receivables from Exchange Transactions

The statement of financial performance and Note 8 to the financial statements reflect revenue from exchange transactions on rendering of services- medical service income of Kshs.20,109,561, being the revenue on facility improvement financing activities as established by the Facilities Improvement Financing Act, 2023. However, review of the balance as reflected under the Receiver of Revenue - County Government of Laikipia revenue statements and Notes 19 and 25 to the revenue statements on hospital fees and

disbursement to health facilities (FIF collections) respectively, revealed a balance of Kshs.12,412,371, resulting in unexplained variance of Kshs.7,697,190.

In the circumstances, the accuracy and completeness of rendering of services - medical service income balance of Kshs.20,109,561 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ndindika Level Four 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects both the final receipts budget and actual amounts on comparable basis of Kshs.66,417,641, representing a 100% budget funding. However, the Hospital spent a balance of Kshs.54,717,432 against actual receipts of Kshs.66,417,641, resulting to an under-absorption of Kshs.11,700,209, or 18% of the actual receipts.

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

My opinion is not modified in respect of this matter.

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 effects of the matter 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

Other Information

Management is responsible for the Other Information set out on page iii to xxiv, which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Review of services offered, available equipment and staffing levels at the Hospital revealed deficiencies as compared to the requirement of the Kenya Quality Model for Health. The Hospital lacked key specialists, including anesthesiologists, general surgeons, gynecologists, pediatrics, and radiologists against the required two specialists for each category, and only one (1) medical officer was available against the required sixteen (16) and nine (9) registered community health nurses instead of the required seventy-five (75).

Further, the Hospital did not have the required six functional Intensive Care Unit (ICU) and High Dependency Unit (HDU) beds for each unit. In addition, there was no renal unit with at least five dialysis machines, new born unit – incubators and five cots and newborn unit cots against the required five for each category and there were functional maternity and general operating theatres. Also, the available infrastructure was inadequate, with only twenty-eight (28) hospital beds and one (1) resuscitaire against the required one hundred and fifty (150) and three (3), respectively.

This was contrary to the First Schedule of the Health Act, 2017, which outlines the minimum staffing and facility standards for Level 4 hospitals, and undermines the

realization of Article 43(1)(a) of the Constitution of Kenya, 2010, which guarantees the right to the highest attainable standard of health, including reproductive health care.

In the circumstances, the hospital's capacity to provide adequate and quality healthcare services to the public as required in the Kenya Quality Model for Health Policy Guidelines could not be confirmed.

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

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

Basis for Conclusion

Lack of Fixed Asset Register

The statement of financial position and Note 15 to the financial statements reflect property, plant, and equipment valued at Kshs.3,779,628. However, the Hospital had not tagged its fixed assets, nor does it maintain a fixed asset register to record and monitor the movement of its assets.

In the circumstances, the effectiveness of internal controls over fixed assets 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 the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

Report of the Auditor-General on Nindika Level 4 Hospital for the year ended 30 June, 2025 - County Government of Laikipia

(Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

09 December, 2025

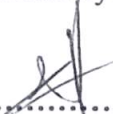
14. Statement of Financial Performance for The Year Ended 30 June 2025

| Description | Note | FY 2024/2025 | FY 2023-2024 |
|---|------|-------------------|--------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| In- kind contributions from the County Government | 6 | 41,395,348 | - |
| Transfers From Other Government Entities | 7 | 3,366,146 | |
| | | 44,761,493 | - |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 8 | 20,109,561 | - |
| Revenue from exchange transactions | | 20,109,561 | - |
| Total revenue | | 64,871,054 | - |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 9 | 7,865,432 | - |
| Employee costs | 10 | 36,663,321 | - |
| Board of Management Expenses | 11 | 133,800 | - |
| Depreciation and amortization expense | 12 | 188,812 | - |
| Repairs and maintenance | 13 | 1,080,809 | - |
| General expenses | 14 | 5,005,629 | - |
| Total expenses | | 50,937,803 | - |
| Other gains/(losses) | | | |
| Medical services contracts Gains/Losses | 15 | 123,200 | - |
| Total other gains/(losses) | | 123,200 | - |
| Net Surplus / (Deficit) for the year | | 13,810,051 | - |

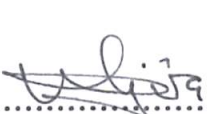
The hospital has in accordance with IPSAS 33 opted for the transitional adoption of IPSAS accrual basis of financial statements presentation.

(The notes set out on pages 23 to 31 form an integral part of the Annual Financial Statements.)

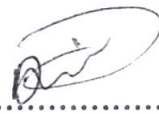
The Hospital's financial statements were approved by the Board on 25th August, 2025 and signed on its behalf by:


.....

Chairman
Board of Management


.....

Head of Finance
ICPAK No:24072


.....

Medical Superintendent
Ndindika Sub County
Hospital

Ndindika Level Four Hospital (County Government of Laikipia)
Annual Report and Financial Statements for The Year Ended 30th June 2025

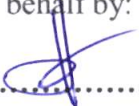
15. Statement of Financial Position As At 30th June 2025

| Description | Note | FY 2024/2025 | FY 2023-2024 |
|--|------|-------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16 | 9,908,335 | 1,546,587 |
| Receivables from exchange transactions | 17 | 5,679,260 | 3,736,570 |
| Inventories | 18 | 6,465,909 | - |
| Total Current Assets | | 22,053,504 | 5,283,157 |
| Non-current assets | | | |
| Property, plant, and equipment | 19 | 3,779,629 | - |
| Total Non-current Assets | | 3,779,629 | - |
| Total assets (A) | | 25,833,132 | 5,283,157 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 20 | 279,476 | - |
| Total Current Liabilities | | 279,476 | - |
| Non-current liabilities | | | |
| Total non-current liabilities | | - | - |
| Total Liabilities (B) | | 279,476 | - |
| Net assets (A-B) | | 25,553,656 | 5,283,157 |
| Represented by: | | | |
| Accumulated surplus/Deficit | | 13,810,051 | - |
| Capital Fund | | 11,743,606 | 5,283,157 |
| Net Assets | | 25,553,656 | 5,283,157 |

In accordance with IPSAS 33, the statement of Financial Position for the FY 2024-2025 has not presented all the Hospital's Assets & Liabilities since the hospital is currently in the transitional phase of adopting IPSAS Accrual Basis of financial statement presentation and therefore has not concluded the measurement of its assets and liabilities.

(The notes on pages 23 to 31 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25th August, 2025 and signed on its behalf by:


.....

Chairman
Board of Management


.....

Head of Finance
ICPAK No:24072


.....

Medical Superintendent
Ndindika Sub County
Hospital

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

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|---|----------------------------|------------------------------------|---------------------|-------------------|
| As at July 1, 2024 (previous year) | | | | |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | - | - | - |
| Capital/Development grants | - | - | - | - |
| As at June 30, 2024 | - | - | - | - |
| At July 1, 2024 (current year) | - | - | 5,283,157 | 5,283,157 |
| Revaluation gain | | | | |
| Surplus/(deficit) for the year | | 13,810,051 | | 13,810,051 |
| Capital/Development grants | | | 11,743,606 | 11,743,606 |
| At June 30, 2025 (current year) | | 13,810,051 | 17,026,763 | 30,836,813 |

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

| Description | Note | FY 2024/2025 | FY2023-2024 |
|---|------|-------------------|-------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 41,395,348 | - |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | 7 | 3,366,146 | - |
| Public contributions and donations | | - | - |
| Rendering of services- Medical Service Income | 8 | 18,038,211 | - |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | | - | - |
| Miscellaneous receipts(<i>specify</i>) | | - | - |
| Total Receipts | | 62,799,704 | - |
| | | | - |
| Payments | | | - |
| Medical/Clinical costs | 9 | 7,865,432 | - |
| Employee costs | 10 | 36,663,321 | - |
| Board of Management Expenses | 11 | 133,800 | - |
| Repairs and maintenance | 13 | 1,080,809 | - |
| General expenses | 14 | 4,726,153 | - |
| Total Payments | | 50,469,515 | - |
| Net cash flows from operating activities | 21 | 12,330,189 | - |
| Cash flows from investing activities | | | - |
| Purchase of property, plant, equipment | 19 | -3,968,441 | - |
| Net cash flows used in investing activities | | -3,968,441 | - |
| Cash flows from financing activities | | | - |
| Proceeds from borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 8,361,748 | - |
| Cash and cash equivalents as at 1 July | 16 | 1,546,587 | - |
| Cash and cash equivalents as at 30 June | 16 | 9,908,335 | - |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % 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 | 1,546,587 | - | 1,546,587 | 1,546,587 | - | 100% |
| Receipts | | | | | | |
| Transfers from the County Government | 41,395,348 | - | 41,395,348 | 41,395,348 | - | 100% |
| Transfers from other Government entities | 3,366,146 | - | 3,366,146 | 3,366,146 | - | 100% |
| Rendering of services- Medical Service Income | 20,109,561 | - | 20,109,561 | 20,109,561 | - | 100% |
| Total receipts | 66,417,641 | - | 66,417,641 | 66,417,641 | - | 100% |
| Payments | | | | | | |
| Medical/Clinical costs | 7,865,432 | - | 7,865,432 | 7,865,432 | - | 100% |
| Employee costs | 36,663,321 | - | 36,663,321 | 36,663,321 | - | 100% |
| Remuneration of directors | 133,800 | - | 133,800 | 133,800 | - | 100% |
| Repairs and maintenance | 1,080,809 | - | 1,080,809 | 1,080,809 | - | 100% |
| General expenses | 5,005,629 | - | 5,005,629 | 5,005,629 | - | 100% |
| Total Operational Expenditure paid | 50,748,991 | | 50,748,991 | 50,748,991 | - | 100% |
| Capital Expenditure paid | 3,968,441 | - | 3,968,441 | 3,968,441 | - | 100% |
| Surplus | 11,700,209 | - | 11,700,209 | 11,700,209 | - | 100% |

Ndindika Level Four Hospital (County Government of Laikipia)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Budget Reconciliation

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | 11,700,209 |
| 1 | Add: Additional Accrued payables yr 24/25 | 279,476 |
| 2 | Less: Additional Accrued receivables yr24/25 | -1,948,150 |
| 3 | Less: Waivers | -123,200 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 9,908,335 |

19. Notes to the Financial Statements

1. General Information

Ndindika Sub County Hospital entity is established by and derives its authority and accountability from Laikipia Health Services Act 2014. The entity is wholly owned by the Laikipia County Government and is domiciled in Laikipia County in Kenya. The entity's principal activity is to provide accessible, affordable, and quality healthcare services to its catchment area and beyond.

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 Note xx 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, Laikipia Health Services Act, Facility Improvements Financing Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|--|--|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45- Property | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</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><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |

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| Standard | Effective date and impact: |
|--|---|
| <p>IPSAS 48- Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| <p>IPSAS 49- Retirement Benefit Plans</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |
| <p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p> | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

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 entity.

Interest income

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

Rental income

Notes to the Financial Statements (Continued)

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

b. Budget information

The hospital did not have a budget in the reporting year. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

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.

Provisions

Provisions were not raised and management determined an estimate based on the information available.

Notes to the Financial Statements (Continued)

6. In Kind Contributions from The County Government

| Description | FY 2024/2025 | FY2023-2024 |
|-----------------------------|-------------------|-------------|
| | KShs | KShs |
| Salaries and wages | 36,663,321 | - |
| Food & rations | 797,335 | - |
| Electricity | 574,270 | - |
| Buildings | 3,360,422 | - |
| Total grants in kind | 41,395,348 | - |

7. Transfers From Other Government Entities

| Description | FY 2024/2025 | FY2023-2024 |
|--|------------------|-------------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | - | - |
| Transfer from nyahururu hospital | 1,500,000 | - |
| Transfer from laikipia county | 1,866,146 | - |
| Total Transfers | 3,366,146 | - |

8. Rendering of Services-Medical Service Income

| Description | FY 2024/2025 | FY2023/2024 |
|---|-------------------|-------------|
| | Kshs | Kshs |
| Pharmaceuticals | 1,704,455 | - |
| Laboratory | 1,114,578 | - |
| Wavers and Exemptions | 123,200 | - |
| Medical legal | 34,000 | - |
| Public Health | 10,500 | - |
| Reproductive health | 132,700 | - |
| Outpatient | 1,129,746 | - |
| Inpatient | 1,960,808 | - |
| Ambulance services | 26,500 | - |
| SHA CAPITATION | 4,914,883 | - |
| NHIF | 2,356,600 | - |
| SHA | 6,093,540 | - |
| NHIF CAPITATION | 508,051 | - |
| Total revenue from the rendering of services | 20,109,561 | - |

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

| Description | FY 2024/2025 | FY2023-2024 |
|--------------------------------------|------------------|-------------|
| | Kshs | Kshs |
| Laboratory chemicals and reagents | 1,340,901 | - |
| Food and Ration | 2,937,724 | - |
| Uniform, clothing, and linen | 714,761 | - |
| Dressing and Non-Pharmaceuticals | 921,659 | - |
| Pharmaceutical supplies | 1,769,992 | - |
| Sanitary and cleansing Materials | 180,395 | - |
| Total medical/ clinical costs | 7,865,432 | - |

10. Employee Costs

| Description | FY 2024/2025 | FY 2023-2024 |
|----------------------------------|-------------------|--------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 35,125,414 | - |
| Contributions to pension schemes | 740,605 | - |
| Social contribution | 272,160 | - |
| Affordable Housing levy fund | 525,142 | - |
| Employee costs | 36,663,321 | - |

11. Board of Management Expenses

| Description | FY 2024/2025 | FY 2023-2024 |
|------------------------------------|----------------|--------------|
| | Kshs | Kshs |
| Sitting allowance | 55,000 | - |
| Travel and accommodation allowance | 78,800 | - |
| Total | 133,800 | - |

12. Depreciation and Amortization Expense

| Description | FY 2024/2025 | FY 2023-2024 |
|--|----------------|--------------|
| | Kshs | Kshs |
| Property, plant and equipment | 188,812 | - |
| Total depreciation and amortization | 188,812 | - |

13. Repairs And Maintenance

| Description | FY 2024/2025 | FY 2023-2024 |
|--------------------------------------|------------------|--------------|
| | Kshs | Kshs |
| Property- Buildings | 135,809 | - |
| equipment | 690,000 | - |
| Motor vehicle expenses | 255,000 | - |
| Total repairs and maintenance | 1,080,809 | - |

14. General Expenses

| Description | FY 2024/2025 | FY 2023/2024 |
|------------------------------------|------------------|--------------|
| | Kshs | Kshs |
| Catering expenses | 171,800 | - |
| Bank charges | 34,613 | - |
| Other fuels | 30,000 | - |
| Electricity expenses | 844,460 | - |
| Fuel and Lubricants | 2,300,000 | - |
| Travel and accommodation allowance | 791,029 | - |
| Printing and stationery | 147,840 | - |
| General Office Supplies | 192,440 | - |
| Internet expenses | 6,000 | - |
| TRANSFER/SWIFT TO CRF A/C | 487,447 | - |
| Total General Expenses | 5,005,629 | - |

Notes to the Financial Statements (Continued)

15. Medical Services Contracts Gains /Losses

| Description | FY 2024/2025 | FY 2023-2024 |
|------------------------|---------------------|---------------------|
| | KShs | KShs |
| Waivers and Exemptions | 123,200 | - |
| Total Gain/Loss | 123,200 | - |

16. Cash And Cash Equivalentents

| Description | FY 2024/2025 | FY 2023/2024 |
|---|---------------------|---------------------|
| | KShs | KShs |
| Current accounts | 9,028,329 | 1,542,587 |
| On - call deposits | 575,406 | - |
| REVERSED CHEQUEs | - | 4,000 |
| Cash in hand | 304,000 | - |
| Others(<i>specify</i>)- Mobile money | 600 | - |
| Total cash and cash equivalentents | 9,908,335 | 1,546,587 |

Notes to the Financial Statements (Continued)

(a). Detailed Analysis of Cash and Cash Equivalents

| Description | | FY 2024/2025 | FY 2023/2024 |
|--|-------------------|------------------|------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank- Nyahururu | 1102127183 | 4,501,421 | 998,141 |
| Kenya Commercial bank- Nyahururu | 1261696778 | 18,506 | 885 |
| Kenya Commercial bank-Rumuruti | 1323837973 | 4,508,403 | 543,561 |
| Sub- total | | 9,028,329 | 1,542,587 |
| b) On - call deposits | | | |
| Kenya Commercial bank -NYAHURURU ACCOUNT | 1198224266 | 575,406 | - |
| REVERSED CHEQUEs | | - | 4,000 |
| Sub- total | | 575,406 | - |
| c) Fixed deposits account | | | |
| Bank Name | | - | - |
| Sub- total | | - | - |
| d) Others(specify) | | | |
| cash in hand- standing imprest | | 304,000 | - |
| Mobile money- Mpesa paybill - | 3131318 | 600 | - |
| Sub- total | | 304,600 | - |
| Grand total | | 9,908,335 | 1,546,587 |

17. Receivables From Exchange Transactions

| Description | FY 2024/2025 | FY 2023-2024 |
|---|------------------|------------------|
| | KShs | KShs |
| Medical services receivables NHIF AND SHA | 5,679,260 | 3,736,570 |
| Total receivables | 5,679,260 | 3,736,570 |

Analysis of Receivables From Exchange Transactions

| Description | FY 2024/2025 | | FY 2023-2024 | | |
|--------------------|------------------|----------------|------------------|--|----------------|
| | Kshs | | Kshs | | |
| | Current FY | % of the total | Comparative FY | | % of the total |
| Less than 1 year | 5,679,260 | 100% | - | | 100% |
| Between 1- 2 years | | - | 3,736,570 | | 100% |
| Total (a+b) | 5,679,260 | 100% | 3,736,570 | | 100% |

18. Inventories

| Description | FY 2024/2025 | FY 2023-2024 |
|--|------------------|--------------|
| | KShs | KShs |
| Pharmaceutical supplies | 3,159,074 | |
| Non Pharm | 1,587,263 | |
| Maintenance supplies | - | |
| Food supplies | 163,740 | |
| Linen and clothing supplies | - | |
| Cleaning materials supplies | - | |
| Laboratories | 1,555,832 | |
| Less: provision for impairment of stocks | - | |
| Total | 6,465,909 | - |

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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | TOTAL |
|------------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|------------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | KSH |
| Cost | | | | | | | | |
| At 1 July 2023(previous year) | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - |
| At 30th Jun 2024 | - | - | - | - | - | - | - | - |
| At 1 July 2024 (current year) | - | - | - | - | - | - | - | - |
| Additions | | 3,360,422.00 | | | | 608,019.00 | | 3,968,441 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - |
| At 30th Jun 2025 | - | 3,360,422.00 | - | - | - | 608,019 | - | 3,968,441 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2023 (previous year) | - | - | - | - | - | - | - | - |
| Depreciation for the year | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| At 30 June 2024 | - | - | - | - | - | - | - | - |
| At July 2024 (current year) | - | - | - | - | - | - | - | - |

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| | | | | | | | | |
|---|---|--------------|---|---|---|---------|---|------------------|
| Depreciation | - | 67,208.44 | - | - | - | 121,604 | - | 188,812 |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| At 30th June 2025 | - | 67,208.44 | - | - | - | 121,604 | - | 188,812 |
| | | | | | | | | |
| Net book values | - | - | - | - | - | - | - | - |
| At 30 th Jun 2024 (previous) | - | - | - | - | - | - | - | - |
| At 30 th Jun 2025 (current) | - | 3,293,213.56 | - | - | - | 486,415 | - | 3,779,629 |

Notes to the Financial Statements (Continued)

20. Trade and other Payables

| Description | FY 2024/2025 | | FY2023/2024 | | |
|---------------------------------------|-------------------|-----------------------|-----------------------|--|-----------------------|
| | KShs | | KShs | | |
| Trade payables | 279,476 | | - | | |
| Total trade and other payables | 279,476 | | - | | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | | % of the total |
| Under one year | 279,476 | 100% | - | | 0% |
| Total | 279,476 | 100% | - | | 0% |

21. Cash Generated from Operations

| Description | FY 2024/2025 | FY2023/2024 |
|--|-------------------|-------------|
| | KShs | KShs |
| Surplus for the year before tax | 13,810,051 | - |
| Adjusted for: | | |
| Depreciation | 188,812 | - |
| Non-cash grants received | - | - |
| Impairment | - | - |
| Gains and losses on disposal of assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Working Capital adjustments | | |
| Increase in inventory | | - |
| Increase in receivables | -1,948,150 | - |
| Increase in deferred income | | - |
| Increase in payables | 279,476 | - |
| Increase in payments received in advance | | - |
| Net cash flow from operating activities | 12,330,189 | - |

22. Events after the Reporting Period

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

23. Ultimate and Holding Entity

The entity is a County Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Laikipia.

24. 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. This financial statement forms the first audit for the hospital.

| 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) |
|---|--|----------------------------|--|---|
| N/A | N/A | N/A | N/A | N/A |
| | | | | |

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.



Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|---------|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2 | | | | | | | |
| 3 | | | | | | | |

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Appendix III: Inter-Entity Confirmation Letter


Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name *M. Charles Muiji* Sign  Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Quarter | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|---------|-----|-----|-----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Appendix V: Disaster Expenditure Reporting Template

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