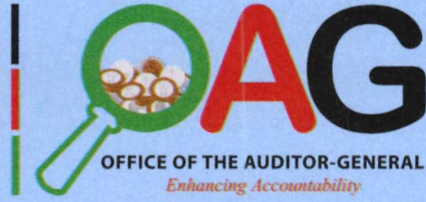


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REPORT

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ON

KARURI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF KIAMBU

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



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**KARURI LEVEL 4 HOSPITAL  
(Kiambu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## 1. Acronyms & Glossary of Terms

ANC	Antenatal Clinic
CCC	Comprehensive Care Clinic
CHIS	County Health Information System
CHMT	County Health Management Team
CHVs	Community Health Volunteers
CPA	Certified Public Accountant
CPD	Continuous Professional Development
CSR	Corporate Social Responsibility
CWC	Child Welfare Clinic
EEC	Executive Expenditure Committee
EMR	Electronic Medical Reports
FIF	Facility Improvement Financing
HMT	Hospital Management Team
I/C	In Charge
ICPAK	Institute of Certified Public Accountant (Kenya)
ICPS	Institute of Certified Public Secretaries
IPSAS	International Public Sector Accounting Standards
KEMSA	Kenya Medical Supplies Authority
KMTC	Kenya Medical Training College
MAT	Medically Assisted Therapy
MED SUP	Medical Superintendent
MOH	Ministry of Health
MOPC	Medical Outpatient Clinic
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
OSHA	Occupational Health & Safety Act
OAG	Office of the Auditor General
OPD	Out Patient Department
PFMA	Public Finance Management Act
SDGs	Sustainable Development Goals
SHIF	Social Health Insurance Fund
SHA	Social Health Authority
UHC	Universal Health Care

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

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

Karuri Level IV Hospital was opened by His Excellency the Governor of Kenya the Right Honorable Mr. Malcom Macdonald on 28<sup>th</sup> January 1963 with assistance for its construction, equipment, and staffing from the Rockefeller Foundation, The United Nations Children Fund, The World Health Organization, The Government of Kenya and The African District Council Kiambu.

The Hospital operates as a Public Health Facility under gazette notice number 465 of 24<sup>th</sup> January 2014 and is domiciled in Kiambu County under the Department of Health Services. The hospital is governed by a Board of Management.

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

- a) To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care
- b) To provide facilities for medical education for various institutions and for research either directly or through other co-operating health institutions
- c) To provide facilities for education and training in nursing and other health and allied institutions
- d) To participate, as referral hospital within the sub county

### **VISION**

To promote and participate in the provision of quality, curative, and rehabilitative services to all clients.

### **MISSION**

To provide efficient and high-quality medical services that are accessible, equitable, and affordable.

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

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

- The county department of Health
- Board of Management
- Medical Superintendent
- Health Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Medical Superintendent	Dr George Mwangi
2	Hospital Administrator	Joan Wanjiru
2	Nursing Service Manager	Lucy Muthomi
3	Head of Finance	CPA David Kinuthia
4	Head Of Supply Chain	Joel Gitau
5	Pharmacist I/C	Dr Martha Mwangi
6	Clinical Officer I/C	Muthomi Muriki
7	Laboratory I/C	Beatrice Giteru

**(e) Fiduciary Oversight Arrangements**

The facility has established the following committees that provide fiduciary oversight in the management of hospital affairs;

- The Executive Expenditure Committee (EEC)
- The Inspection and Acceptance Committee
- Medicines and Therapeutics Committee
- Infection prevention committee

**(f) Entity Headquarters**

Karuri Level IV Hospital  
P.O. Box 65-00219 Karuri  
Off Banana Road  
Kiambu County, Kenya

**(g) Hospital Contacts**

Telephone: (+254) 719856761  
E-mail: karurisdh@gmail.com

**(h) Hospital Bankers**

Kenya Commercial Bank,  
Village Market Branch  
P.O. Box 1066-00621  
Village Market.

**(i) Independent Auditors**

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

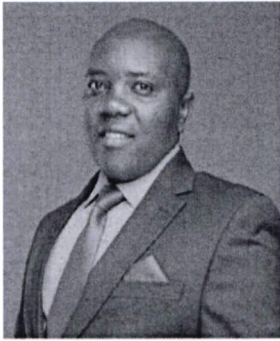
**(j) Principal Legal Adviser**

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

**(k) County Attorney**

County Attorney  
P.O. Box 2344-00900  
Kiambu

### 3. The Board of Management



**Martin Kimani** is an experienced legal professional and community leader currently serving as Chairperson of the Karuri Level 4 Hospital Board and Moderator of Mary Immaculate Catholic Church, Muchatha. He obtained a Diploma in Law from Inoorero University and has spent more than 12 years as a legal officer at MG Law Advocates, advising on corporate governance, regulatory compliance, contracts, and litigation management.

As board chair, Martin focuses on transparent governance, policy oversight, risk management and aligning hospital strategic objectives with county health priorities. His dual role in the church and health sector strengthens community outreach and fosters trust between the hospital and local stakeholders.



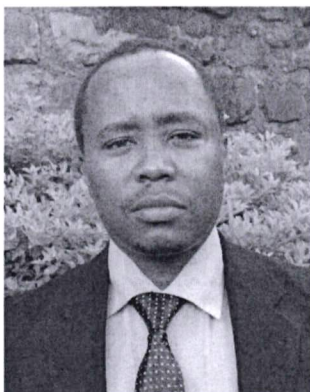
**J. B. Irungu** is a seasoned finance professional and public administrator with extensive expertise in public sector financial management, strategic planning, and institutional leadership. He holds a Master of Science degree from the United Kingdom and is a Certified Public Accountant (CPA), credentials that reflect his strong academic and professional grounding in financial governance.

Throughout his career, Mr. Irungu has served in key leadership roles, providing oversight on fiscal policy implementation, resource allocation, and organizational strategy. His work is driven by a commitment to transparency, accountability, and sustainable financial practices in the public sector.



**Ann Gathoni Wainaina** serves as the Community Outreach Chairperson at Njiku ACK, where she leads initiatives aimed at fostering spiritual growth, social support, and community cohesion.

She is actively involved in mentorship and counseling, particularly for youth and young mothers, offering guidance, encouragement, and practical support to help them navigate life's challenges. Ann's dedication to service and compassion for others make her a pillar of strength and inspiration within the community.



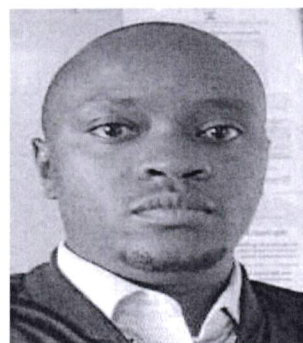
**Mr. Emmanuel Ngugi Kamau** is the Senior Pastor at Anointed Christian Fellowship, where he leads and oversees church services, spiritual programs, and community outreach initiatives. He is dedicated to mentoring and guiding church leaders and members in spiritual growth and leadership, while developing and implementing strategic plans for church growth and community impact.

Passionate about youth empowerment, Pastor Kamau has guided and mentored young people in their spiritual development and leadership journey, organized impactful youth programs and outreach activities, and provided counseling and support to nurture their personal and spiritual well-being. His ministry is marked by a deep commitment to faith, service, and community transformation.



**Gladwell Wanjiku** serves on the Board of Karuri Level 4 Hospital, contributing to strategic decision-making, governance, and stakeholder engagement in healthcare service delivery. Professionally, she is a supervisor at Kamindi Supermarket, where she leads sales operations, manages staff performance, and ensures high-quality customer experiences.

Beyond her professional and board roles, Gladwell is actively involved in community health advocacy as a member of the Kiambaa Constituency AIDS Control Committee (CACC), supporting initiatives that promote HIV awareness, prevention, and care. Her earlier experience as a front office operator has honed her skills in administration, communication, and public engagement. Gladwell's blend of retail leadership, community health advocacy, and governance experience positions her as an asset to both the business and health sectors.



**Dr. George Mwangi** is an accomplished healthcare leader with extensive experience in hospital administration, pharmaceutical management, and public health policy. He currently serves as the Medical Superintendent, Secretary to the Board, and Medical Officer of Health for Kiambaa Subcounty, where he oversees strategic planning, healthcare delivery, and operational management across the region.

Prior to his current role, Dr. Mwangi served as the Pharmacist in Charge and Deputy Medical Superintendent at Karuri Level 4 Hospital, where he played a pivotal role in enhancing pharmaceutical services, optimizing hospital operations, and strengthening patient care systems. He holds a Bachelor's degree in Pharmacy and a Master's degree in Health Economics from the University of Nairobi, equipping him with a strong foundation in clinical practice, health systems management, and cost-effective healthcare delivery. His leadership is driven by a commitment to quality healthcare, evidence-based decision-making, and sustainable public health initiatives.

Dr George Mwangi is not a member of the Institute of Certified public Secretaries (ICPS).

#### 4. Key Management Team



**Dr. George Mwangi** is an accomplished healthcare leader with extensive experience in hospital administration, pharmaceutical management, and public health policy. He currently serves as the Medical Superintendent, Secretary to the Board, and Medical Officer of Health for Kiambaa Subcounty, where he oversees strategic planning, healthcare delivery, and operational management across the region.

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**CPA David Kinuthia** is a finance professional with a strong background in hospital financial management and public sector accounting. He holds a Bachelor of Business Management (Finance & Accounts) from Moi University and is a Certified Public Accountant, as well as a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

At Karuri Level 4 Hospital, he is responsible for managing accounts payable, accounts receivable, hospital payroll, and financial reporting. He also coordinates the preparation of the hospital's annual budget and implementation plans, ensuring compliance with statutory requirements and alignment with the hospital's strategic objectives. With a commitment to accuracy, transparency, and fiscal discipline, CPA Kinuthia plays a key role in supporting efficient hospital operations and promoting financial sustainability.



**Joel Gitau** is a supply chain management professional with expertise in public procurement and inventory control. He holds a Diploma in Purchasing and Supply Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT).

As the Head of Supply Chain at Karuri Level 4 Hospital, Joel oversees the procurement of goods and services, coordinates the preparation of the annual procurement plan, and manages the hospital's stores to ensure timely availability of medical supplies and other essential resources. His work supports operational efficiency, compliance with procurement regulations, and optimal resource utilization.



**Beatrice Giteru** is an experienced medical laboratory professional dedicated to ensuring high-quality diagnostic services. She holds a Diploma in Medical Laboratory from Nairobi Technical Institute.

As the Laboratory In-Charge at Karuri Level 4 Hospital, Beatrice is responsible for enforcing quality control standards, overseeing laboratory staff management, and supervising the laboratory stores to ensure the timely availability of reagents and supplies. Her leadership ensures that the laboratory operates efficiently, accurately, and in compliance with health and safety regulations.



**Muthomi Muriki** is a skilled clinical officer with a strong background in patient care and healthcare operations management. He holds a Diploma in Clinical Medicine and Surgery from the Kenya Medical Training College (KMTC) and a Certificate in Project Management for Global Health from the University of Washington.

As the Clinical Officer In-Charge, Muthomi is responsible for managing the hospital's clinical staff and coordinating with other departments to ensure smooth and efficient service delivery. His leadership promotes teamwork, operational efficiency, and quality healthcare outcomes for patients.



**Dr. Martha Mwangi** is an accomplished pharmacist with expertise in pharmaceutical management and hospital pharmacy operations. She holds a Bachelor's degree in Pharmacy and a Master's degree in Industrial Pharmacy from the University of Nairobi.

Dr. Mwangi currently serves as the Pharmacist In-Charge at Karuri Level 4 Hospital, where she oversees the provision of pharmaceutical services, ensures compliance with regulatory standards, and manages medication supply and storage. She previously served as a pharmacist within the same hospital, gaining valuable experience in both patient care and pharmaceutical logistics. Her leadership is driven by a commitment to quality, safety, and patient-centered care.



**Joan Wanjiru Nguru** is the Hospital Administrative Officer, bringing extensive experience in healthcare administration and operations. She holds a Diploma in Human Resource Management from the Nairobi Institute of Business Studies and a Diploma in Mathematics and Statistics from the Kenya Polytechnic.

Prior to her current role, Joan served at Kiambu County Referral Hospital as an Assistant to the Hospital Administrator, where she gained valuable expertise in administrative coordination, staff management, and operational support. Her strong background in both human resource management and data analytics enables her to drive efficient hospital operations and support informed decision-making.



**Lucy Nkirote Muthomi** is a highly experienced Senior Registered Nurse with 20 years of service in both public and private healthcare settings. She is a Kenya Registered Community Health Nurse, licensed by the Nursing Council of Kenya, and trained at the Kenya Medical Training College (KMTTC).

Lucy joined Karuri Level 4 Hospital in April 2025, bringing with her a wealth of expertise from her previous roles at Kiambu Level 5 Hospital, Ruiru Level 4 Hospital and Kisii Referral Hospital. In leadership, Lucy has overseen the Medical, Pediatric, and Laundry Units, served as a Students' Mentor and Assistant Coordinator, and actively contributed to critical hospital committees including the Waiver Committee, MPDSR Committee, Hospital Management

Team, and the Antimicrobial Resistance Committee. Her deep commitment to patient care, quality service delivery, and mentorship continues to make her an asset to Karuri Level 4 Hospital and the broader healthcare community.

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

It is my pleasure to present the Chairman's Statement for the financial year ended 30<sup>th</sup> June 2025.

The 2024/2025 financial year marked another significant period of growth and resilience for Karuri Level 4 Hospital. In line with our strategic priorities, we continued to strengthen our service delivery systems, invest in infrastructure, and enhance patient outcomes—despite ongoing fiscal and operational challenges affecting the health sector nationwide.

### **Strategic Progress and Institutional Growth**

Our commitment to quality, accessible, and affordable healthcare remained steadfast. The Hospital made notable progress in implementing its Strategic Plan, focusing on four core pillars: service delivery, infrastructure and equipment, human resource development, and institutional strengthening. We expanded access to essential services through community outreach, improved inpatient and outpatient care, and leveraged available resources to ensure the uninterrupted supply of critical medicines and medical supplies.

In addition, major refurbishments were completed in key units including the maternity wing and laboratory department. We also upgraded diagnostic capacity with the acquisition of a new ultra sound machine, significantly reducing patient referrals.

### **Governance and Oversight**

As the Board, we maintained robust oversight mechanisms and ensured full compliance with legal, regulatory, and ethical standards. The Board met regularly and worked closely with hospital management to align operational decisions with the strategic plan. All statutory reports, including financial statements, performance reports, and procurement plans, were prepared and submitted within stipulated timelines.

### **Stakeholder Collaboration**

We are grateful for the continued support of the County Government of Kiambu, the Ministry of Health, our development partners, and the local community. These partnerships have been instrumental in supporting capacity-building programs, infrastructure development, and health awareness campaigns.

We also commend the hospital's frontline staff and leadership team for their commitment, professionalism, and compassion. Their efforts directly contributed to our improved performance indicators and increased patient satisfaction during the year.

### **Challenges and Outlook**

The Hospital faced challenges such as constrained budget allocations, rising operational costs, and intermittent medical supply shortages. However, through prudent financial management, resource mobilization, and innovative service delivery models, we were able to maintain service continuity.

Looking forward, we remain optimistic. The Board is committed to deepening stakeholder engagement, enhancing automation and records digitization, and accelerating implementation of our green health agenda in line with sustainability goals.

### **Appreciation**

On behalf of the Board, I extend sincere appreciation to all staff, partners, and stakeholders who have contributed to the success of Karuri Level 4 Hospital. Together, we will continue to build a healthier, more resilient, and inclusive health system for our community.



**Mr Martin Kimani**  
**Chairman of the Board**

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

It is with great pride and appreciation that I present the Medical Superintendent's Report for the financial year ended 30<sup>th</sup> June 2025. This period has been one of measured progress, innovation, and resilience as we worked to deliver on our mandate of providing quality, affordable, and accessible healthcare services to the people of Kiambu County and its environs.

### **Service Delivery and Clinical Performance**

During the year under review, Karuri Level 4 Hospital recorded significant improvements in both outpatient and inpatient service delivery. Key clinical indicators showed positive trends, including:

- A 5% increase in outpatient attendance, reflecting enhanced community confidence in our services.
- Improved maternal and child health outcomes, with over 95% of deliveries conducted under skilled care.
- Increased uptake of immunization services, reaching 90% full immunization coverage for children under one year.
- Enhanced management of non-communicable diseases (NCDs), with the rollout of structured diabetes and hypertension clinics.

We also scaled up public health outreach programs in underserved areas to expand access to essential services such as antenatal care, immunization, cancer screening, and health education.

### **Human Resources for Health**

The year saw modest improvements in staffing levels, with the recruitment of additional nurses, medical officers, and laboratory technologists. Staff were continuously empowered through in-service training and Continuing Professional Development (CPD) sessions. The hospital remains committed to maintaining a motivated, skilled, and patient-centered workforce despite budgetary limitations.

### **Infrastructure and Equipment**

Substantial strides were made in upgrading physical infrastructure and diagnostic capacity, including:

- Renovation of the maternity and pediatric wards to improve patient comfort and safety.
- Procurement and operationalization of an ultra sound machine and a hematology analyzer.

- Ongoing plans to digitize medical records and improve ICT infrastructure for better data management and efficiency.

### **Partnerships and Support**

Our achievements have been made possible through close collaboration with the County Government of Kiambu, the Ministry of Health, development partners, and non-governmental organizations. Their support in terms of technical assistance, supplies, and capacity-building has significantly boosted our service delivery.

We also thank our Community Health Volunteers (CHVs) and local stakeholders for playing an essential role in health promotion and referral linkages.

### **Challenges Faced**

Despite our achievements, we continue to face notable challenges:

- Limited funding for key operational areas, including recurrent costs and staff motivation.
- Intermittent supply of essential medicines and medical commodities, which sometimes affects service continuity.
- High patient load relative to available staff and resources.

### **Way Forward**

In the coming financial year, our focus will be on:

- Expanding preventive and promotive health services.
- Strengthening referral and emergency services.
- Enhancing digitization and automation of hospital processes.
- Pursuing a green hospital strategy

### **Conclusion**

I wish to sincerely thank the Hospital Board, our dedicated staff, partners, and the community for their unwavering support. Together, we shall continue to make Karuri Level 4 Hospital a center of excellence in healthcare service delivery.



**Dr George Mwangi**

**Medical Superintendent**

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

Karuri Level 4 Hospital has four strategic pillars aligned with the County Department of Health Strategic Plan. These strategic pillars are as follows:

- Pillar 1: Health Service Delivery
- Pillar 2: Infrastructure and Equipment
- Pillar 3: Human Resource for Health
- Pillar 4: Governance and Institutional Strengthening

Karuri Level 4 Hospital develops its Annual Work Plans based on the above strategic pillars. Assessment of the Hospital’s performance against its Annual Work Plan is conducted quarterly. The Hospital achieved substantial progress in meeting performance targets for the FY **2024/2025** across all four strategic pillars, as summarized in the table below:

<b>Strategic Pillar/Theme</b>	<b>Objective</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: Health Service Delivery</b>	To improve access and quality of health services	Outreach services	Achieved 90% immunization coverage
		Integrated maternal, newborn and child health programs	Outpatient visits increased by 12%
		Health education and promotion	Conducted 8 health outreaches in underserved areas
<b>Pillar 2: Infrastructure and Equipment</b>	To improve the hospital’s physical infrastructure and medical equipment	Renovation of maternity wing	Maternity wing renovated and equipped
		Procurement of laboratory and imaging equipment	Acquired under placement agreement an ultra sound machine and hematology analyzer
<b>Pillar 3: Human Resource for Health</b>	To enhance staffing levels and staff welfare	Recruitment of key specialists	2 additional clinical officers and 4 nurses posted to the facility
		Staff training and welfare programs	Conducted 5 in-house CPD trainings

<b>Pillar 4: Governance and Institutional Strengthening</b>	To strengthen leadership, accountability, and stakeholder engagement	Regular Board and management reviews	4 Board meetings held
		Community Health Committee forums	All quarterly performance reports submitted
		Performance contract implementation and monitoring	Performance contracts aligned with strategic outputs and monitored regularly

**Link to Performance Contracts**

Karuri Level 4 Hospital’s strategic objectives were incorporated into individual and departmental performance contracts. Regular performance appraisals were conducted to assess the implementation status. Outputs achieved under each pillar directly informed contract evaluations at the end of the year.

The hospital remains committed to improving service delivery and institutional accountability through structured planning, monitoring, and evaluation frameworks.

### **8. Corporate Governance Statement**

The members of the Board of Management who served during the year are as shown below

Mr. Martin Kimani	Board Chairman
John Baptista Irungu	Board Member
Gladwell Wanjiku	Board Member
Emmanuel Ngugi Kamau	Board Member
Ann Gathoni Wainaina	Board Member
Dr George Mwangi	Medical Superintendent and Secretary to the Board

The Chairman, in conjunction with the Medical Superintendent, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting. In the year under review, the Board held a total of 4 meetings to introduce board members to the Hospital Management Team and Staff, approve the Annual Work plans and Annual Budget and to discuss pertinent issues relating to strategy, performance and sustainability of the Hospital.

#### **Appointment and Removal of Board**

The board members are appointed by County Executive Member for Health. Names of the appointed members and changes thereto are published in the Kenya Gazette.

Board members may remove from office any member who;

- (a) has been absent for 3 consecutive meetings without the chairman permission
- (b) is adjudged bankrupt
- (c) is unable to discharge his/her duties due to physical or mental capacity
- (d) violates or is suspected of violating the provision of chapter 6 of the constitution
- (e) is charged with a criminal offence in the court of law
- (f) conflict of interest

#### **Roles and Functions of Board**

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Board of Management supported. The Board, through its committees provides strategic direction while the Medical Superintendent assisted by the Hospital Management Team is accountable to the Board for implementing the strategy. Board members are expected to be responsible, prudent and skillful while

carrying out their fiduciary duties on behalf of the Hospital. The roles and responsibilities of the Board include:

- (a) Responsible for providing oversight over the administration and management of the Hospital.
- (b) Promoting the development of the Hospital.
- (c) Approving plans and programs for implementing county health strategies in the Hospital.
- (d) Approving annual estimates of the Hospital before submission to the Executive member and carrying out any other function and any other functions assigned by the Executive member in furtherance to the realization of the purpose of this act.

## 9. Management Discussion and Analysis

The Management Discussion and Analysis section provides a narrative explanation of Karuri Level 4 Hospital's financial performance, strategic direction, key operational outcomes, and risks for the financial year ended **30<sup>th</sup> June 2025**. This section is intended to enhance the understanding of the financial statements and provide context to the hospital's overall performance.

### Overview of Strategic and Operational Performance

Karuri Level 4 Hospital aligned its operations with the Strategic Plan, focusing on the following four strategic pillars:

- Health Service Delivery
- Infrastructure and Equipment
- Human Resource for Health
- Governance and Institutional Strengthening

Progress was monitored quarterly, and several milestones were achieved, including:

- Reduction in maternal and neonatal complications due to improved delivery infrastructure.
- Expansion of community health outreach activities.
- Enhanced diagnostic capacity with provision of modern medical equipment.

### Financial Performance Summary

The hospital operated under a constrained budget environment, with own-source revenue contributing highest to the total resource envelope.

Income Source	FY 2024/2025 (Ksh)	FY 2023/2024 (Ksh)	Variance
FIF Revenue	17,888,206	13,711,129	30%
Donations/In-kind Contributions	3,689,936	3,886,127	-2%
<b>Total Income</b>	<b>21,578,142</b>	<b>17,597,256</b>	<b>23%</b>

Expenditure was closely aligned with strategic objectives and performance targets.

Expenditure Area	FY 2024/2025 (Ksh)	% of Total
Medical/Clinical Costs	10,643,652	58.7%
Employee Costs	3,771,121	22.4%
Board of Management Expenses	40,000	0.2%
Repairs and Maintenance	108,376	0.7%
General Expenses	2,945,443	17.9%
<b>Total Expenditure</b>	<b>17,508,592</b>	<b>100.0%</b>

**Key Achievements**

- Renovation of maternity and OPD by the county government.
- Received modern diagnostic equipment including ultra sound machine and lab analyzers from county government through CHMT.
- Expansion of family planning, ANC, and immunization coverage.

**Challenges Faced**

- Delays in disbursement of funds from the County Treasury.
- Staff shortages in critical departments, especially nursing and specialized clinical services.
- Inadequate ICT infrastructure to support hospital digitization.
- Occasional stock-outs of essential drugs and laboratory reagents.

**Risk Management and Mitigation Measures**

<b>Risk</b>	<b>Impact</b>	<b>Mitigation Strategy</b>
Budgetary shortfalls	Service disruption	Cost prioritization and engagement with County
High patient-staff ratio	Staff burnout	Recruitment advocacy and task shifting
System downtime	Data loss/risk	Investment in EMR systems
Medical commodity shortages	Compromised care	Strengthen supply chain and forecasting mechanisms

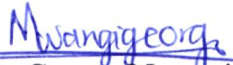
**Outlook for FY 2025/2026**

In the next financial year, the hospital will prioritize:

- Completion and equipping of the 200-bed capacity complex by the county government.
- Scaling up preventive health programs through CHVs and outreach.
- Strengthening performance monitoring and patient feedback mechanisms.

**Conclusion**

Despite a challenging fiscal environment, Karuri Level 4 Hospital remained steadfast in its commitment to service excellence. With the continued support of the County Government, development partners, staff, and the community, the hospital is well positioned to build on its successes and deliver even greater impact in the coming year.

  
**Dr George Mwangi**

**Medical Superintendent**

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

Karuri Level 4 Hospital recognizes the importance of environmental sustainability in delivering quality healthcare services. As part of its commitment to the principles of sustainable development and public health, the Hospital integrates environmental considerations into its operational and strategic decision-making processes.

### **Environmental Management Practices**

To minimize the hospital's environmental footprint, the following initiatives were implemented during the **FY 2024/2025**:

#### **i) Medical Waste Management**

- Segregation of medical and general waste at source using color-coded bins
- Contracted licensed medical waste disposal providers
- Staff sensitization on proper handling of hazardous waste

#### **ii) Energy Efficiency Measures**

- Installation of energy-saving LED lighting across wards and offices
- Routine maintenance of electrical equipment to reduce energy consumption
- Exploration of solar energy for emergency power backup

#### **iii) Water Conservation**

- Installation of water-saving taps and dual-flush systems
- Rainwater harvesting systems operational in selected buildings
- Routine inspection of plumbing systems to reduce leaks and wastage

### **Environmental Compliance**

The Hospital adhered to all applicable national and county-level environmental regulations, including:

- National Environment Management Authority (NEMA) guidelines
- Public Health Act and Occupational Safety and Health standards
- Environmental Impact Assessment (EIA) for new infrastructure projects

No adverse environmental compliance issues were reported during the period under review.

### **Climate Resilience and Sustainability Efforts**

#### **i) Green Spaces:**

- Planted several species of indigenous trees within the hospital compound as part of a greening initiative.

- Maintained flower gardens and lawns to improve air quality and staff well-being.
- ii) **Sustainable Procurement:**
- Prioritized sourcing of eco-friendly supplies (e.g., biodegradable cleaning materials)
  - Engaged suppliers who align with environmental sustainability practices
- iii) **Community Awareness:**
- Conducted 3 community health talks on environmental health and climate change
  - Promoted clean cooking and safe water practices among community members

**Challenges and Mitigation Measures**

<b>Challenge</b>	<b>Mitigation Measures</b>
Inadequate funding for large-scale green infrastructure	Engaged development partners for co-financing; proposed inclusion in county development plans
Resistance to behavior change among staff and patients	Continuous training, awareness creation, and enforcement of sustainability policies
Limited access to renewable energy technologies	Piloting solar backup systems in phases and exploring public-private partnerships

**Future Plans**

- Expand solar energy usage in wards and laboratory units
- Establish a hospital-wide Green Committee to champion sustainability
- Develop a Sustainability Policy aligned with the Kenya Green Economy Strategy
- Digitize records to reduce paper usage

Karuri Level 4 Hospital remains committed to environmentally responsible operations and to playing an active role in mitigating the impacts of climate change while delivering patient-centered healthcare.

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

The Board of Management submits their report together with the unaudited financial statements for the financial year ended 30<sup>th</sup> June, 2025 which shows the state of the hospital affairs.

### **Principal Activities**

The principal activities of the hospital are:

- (a) To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care
- (b) To provide facilities for medical education for various institutions and for research either directly or through other co-operating health institutions
- (c) To provide facilities for education and training in nursing and other health and allied institutions
- (d) To participate, as a referral hospital within the sub county

### **Results**

The results of the Hospital for the financial year ended 30<sup>th</sup> June, 2025 are set out from **page 1 to page 15**.

### **Board of Management**

The members of the Board of Management who served during the year are shown under the corporate governance statement in the annual report on **page xix**.

### **Auditors**

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

By Order of the Board



**Dr George Mwangi**

**Secretary to the Board**

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

Section 166 of the Public Finance Management Act, 2012 requires the Directors to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the period and the operating results for that period.

The Directors are also required to ensure that the Hospital keeps proper accounting records that disclose with reasonable accuracy the financial position of the Hospital. The Directors are also responsible for safeguarding the assets of the Hospital.

The Board of Directors 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 as at the end of the financial year ended 30<sup>th</sup> June 2025. This responsibility includes:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital
- c) 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
- d) Safeguarding the assets of the hospital
- e) Selecting and applying appropriate accounting policies, and
- f) Making accounting estimates that are reasonable in the circumstances.

The Board of Directors accepts responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Board members are of the opinion that the Hospital’s financial statements give a true and fair view of the state of the Hospital’s transactions during the financial year ended 30<sup>th</sup> June 2025, and of the Hospital’s financial position as at that date.

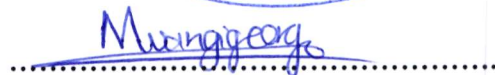
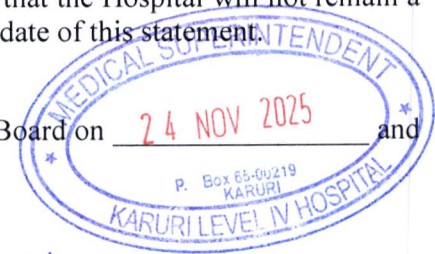
The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital’s financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of Directors 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 24 NOV 2025 and signed on its behalf by:



**Martin Kimani**  
**Chairman Hospital Board**



**Dr George Mwangi**  
**Accounting Officer**

# REPUBLIC OF KENYA



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Karuri Level 4 Hospital -County Government of Kiambu set out on pages 1 to 18 which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

## **Basis for Qualified Opinion**

### **1. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.30,117,524 as disclosed in Note 15 to the financial statements. Analysis of this balance revealed that Kshs.19,680,787 relates to revenue banked between 2016/2017 and 2021/2022 which had not been refunded from Facilities Improvement Fund (FIF) and National Health Insurance Fund (NHIF) to the Hospital. In addition, the Hospital submitted claims to Social Health Insurance Fund (SHIF) amounting to Kshs.3,160,000, out of which only Kshs.1,640,000 was paid on 16 June, 2025 leaving an outstanding balance of Kshs.1,520,000.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.19,680,787 could not be confirmed.

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

The statement of financial position and Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.1,633,400. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles and furniture were not disclosed in the financial statements. Review of records revealed that the Hospital have approximately 16 parcels of land of approximately 6.6 hectares. Further, Kenya Medical Training College- Karuri Campus co-exist with the Hospital within the same premises with neither of them having ownership documents. Efforts by the Hospital Management to obtain the title deed from the land's office has been unsuccessful. In addition, four motor vehicles in the Hospital's asset register lacked ownership documents in the form of logbooks.

In the circumstances, the completeness, accuracy and ownership of the property, plant and equipment balance of Kshs.1,633,400 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karuri Level 4 Hospital –County Government of Kiambu Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the Other Information set out on page ii to xxvi which comprise of Key Entity Information and Overall Performance, Statement of Governance, Statement of the Chairperson, Statement of the Medical Superintendent, Management Discussion and Analysis, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Karuri Level 4 Hospital – County Government of Kiambu financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

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

## **Basis for Conclusion**

### **1. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital**

Review of revenue records obtained from Karuri Level 4 Hospital in Kiambu County revealed that the Sub-County Hospital collected a total Kshs.21,506,546 towards the health facilities improvement which was all transferred to Kiambu County Health Services Fund Account. However, the Management reimbursed a total of Kshs.11,228,979 to the Sub-County Hospital resulting in a deficit of Kshs.10,277,567. This is contrary to Section5(1) of the Facilities Improvement Financing Act,2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing Account.

In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the Kiambu County Health Services Fund was in breach of the law.

### **2. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.11,034,517 as disclosed in Note 18 to the financial statements. However, included in this balance is an amount of Kshs.4,567,040 which had been outstanding for more than one (1) year. This is contrary to Section 53(8) of the Public Procurement and Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

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

### **3. Failure to Meet Level 4 Hospital Standards**

Review of documents revealed that the Hospital does not have a Theatre, despite its designation as a Level 4 Facility, which is expected to provide basic surgical and emergency obstetric services. No justification, documentation or approved plan was provided to explain why Theatre services have not been established.

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

#### **4. Declining Client Retention in Kiambu Medically Assisted Therapy (MAT) Programme Due to Inadequate County Support**

Audit review of the Medically Assisted Therapy Programme in Kiambu County revealed serious sustainability and retention challenges following the withdrawal of MSF Funding in June, 2024 and subsequent tapering off of LVCT support.

Consequently, the number of active clients has declined sharply from four hundred and eighty (480) clients in 2022 and at the time of the audit in October, 2025 the number of active clients were one hundred and three (123). The Programme now operates with no dedicated County budget lines for Medically Assisted Therapy commodities, limited outreach and defaulter tracing after peer educator support ceased, incomplete licensing and resourcing of clinics, and lack of transport for community reintegration and methadone distribution. Without urgent County action to integrate Medically Assisted Therapy into routine planning, budgeting and Social Health Authority financing, these weaknesses risk collapse of the Programme, reversal of gains made in opioid harm reduction, increased HIV and Hepatitis transmission, and wastage of substantial donor and public investment.

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

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

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

##### **Conclusion**

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

##### **Basis for Conclusion**

##### **Incomplete Assets Register**

The statement of financial position and Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.1,633,400. However, there was lack of

assets register detailing all the assets and their values in terms of the date of delivery and installation, original and current location, book value, asset condition and the depreciation rate, annual and accumulated depreciation. Also, it was noted the Hospital had not tagged its assets.

In the circumstances, the effectiveness of internal controls on the management and usage of assets could not be confirmed.

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

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

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

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

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way.

In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**


**17 December, 2025**


*Karuri Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

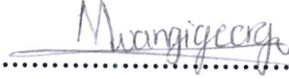
**14. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
In- kind Contributions from the County Government	6	3,689,936	3,886,127
<b>Total Revenue from Non- Exchange Transactions</b>		<b>3,689,936</b>	<b>3,886,127</b>
<b>Revenue From Exchange Transactions</b>			
Rendering of services- Medical Service Income	7	17,888,206	13,711,129
			0
<b>Revenue From Exchange Transactions</b>		<b>17,888,206</b>	<b>13,711,129</b>
<b>Total Revenue</b>		<b>21,578,142</b>	<b>17,597,256</b>
<b>Expenses</b>			
Medical/Clinical Costs	8	10,643,652	5,959,150
Employee Costs	9	3,771,121	4,426,160
Board of Management Expenses	10	40,000	31,500
Repairs and Maintenance	11	108,376	276,500
General Expenses	12	2,945,443	2,398,760
Depreciation	13	566,600	0
<b>Total Expenses</b>		<b>18,075,192</b>	<b>13,092,070</b>
<b>Net Surplus / (Deficit) for the Period</b>		<b>3,502,950</b>	<b>4,505,186</b>

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

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

  
 .....  
**Head of Finance**  
**ICPAK No:**  
 17298

  
 .....  
**Medical Superintendent**


**Karuri Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**


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

Description	Note	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	14	1,782,079	485,102
Receivables From Exchange Transactions	15	30,117,524	6,586,116
Inventories	16	1,392,751	1,823,454
Property Plant & Equipment	17	1,633,400	0
<b>Total Current Assets</b>		<b>34,925,754</b>	<b>8,894,672</b>
<b>Total Assets (A)</b>		<b>34,925,754</b>	<b>8,894,672</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other payables	18	11,034,517	6,869,579
<b>Total Current Liabilities</b>		<b>11,034,517</b>	<b>6,869,579</b>
<b>Total Liabilities (B)</b>		<b>11,034,517</b>	<b>6,869,579</b>
<b>Net Assets (A-B)</b>		<b>23,891,237</b>	<b>2,025,093</b>
<b>Represented By</b>			
Accumulated Surplus/Deficit		<b>23,891,237</b>	<b>2,025,093</b>
<b>Net Assets</b>		<b>23,891,237</b>	<b>2,025,093</b>

The Hospital's financial statements were approved by the Board on 24 NOV 2025 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
 ICPAK No: 12898

  
 .....  
**Medical Superintendent**



**16. Statement of Changes in Net Assets for The Year Ended 30<sup>th</sup> June 2025**

	Retained Earnings	Total
<b>At July 1<sup>st</sup>, 2023</b>	<b>(2,480,093)</b>	<b>(2,480,093)</b>
Surplus/(deficit) for the Period	4,505,186	<b>4,505,186</b>
<b>At June 30<sup>th</sup>, 2024</b>	<b>2,025,093</b>	<b>2,025,093</b>
<b>At July 1<sup>st</sup>, 2024</b>	<b>20,388,287</b>	<b>20,388,287</b>
Surplus/(deficit) for the Period	3,502,950	3,502,950
<b>At June 30<sup>th</sup> 2025</b>	<b>23,891,237</b>	<b>23,891,237</b>

**Note**

The variance between the closing retained earnings as at 30<sup>th</sup> June 2024 and the opening retained earnings as at 1<sup>st</sup> July 2024 arises from

- a) The recognition of receivables from exchange transactions relating to prior periods of Ksh 19,680,787 reflecting income earned but not previously recorded under accrual accounting resulting in an increase of retained earnings.
- b) Adjustment for NHIF receivables overstated in prior year by Kshs 1,317,593 resulting in a decrease of retained earnings.

**Karuri Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**17. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of Services- Medical Service Income		14,847,319	10,342,990
<b>Total Receipts</b>		<b>14,847,319</b>	<b>10,342,990</b>
<b>Payments</b>			
Medical/Clinical costs		5,010,724	2,813,248
Employee costs		4,019,626	3,856,095
Board of Management Expenses		67,500	0
General expenses		2,216,789	228,200
Repairs and maintenance		108,376	1,422,301
Transfers		2,127,327	1,739,988
<b>Total Payments</b>		<b>13,550,342</b>	<b>10,059,832</b>
<b>Net Cash Flows from Operating Activities</b>	19	<b>1,296,977</b>	<b>283,158</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>1,296,977</b>	<b>283,158</b>
Cash and Cash Equivalents as at 1 <sup>st</sup> July, 2024	14	485,102	201,944
<b>Cash and Cash Equivalents as at 31<sup>st</sup> March, 2025</b>	14	<b>1,782,079</b>	<b>485,102</b>

*Karuri Level 4 Hospital (County Government of Kiambu)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**18. Statement of Comparison of Budget and Actual Amounts for The Year Ended 30<sup>th</sup> June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Note
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		
Budget carryovers from the previous year	0	485,102	485,102	485,102	0	100%	a
In- kind Contributions from the County Government	0	0	0	3,689,936	0	0%	b
<b>Receipts</b>							
Rendering of services- Medical Service Income	13,648,186	0	13,648,186	14,847,319	(1,199,133)	109%	c
<b>Total receipts</b>	<b>13,648,186</b>	<b>485,102</b>	<b>14,133,288</b>	<b>19,022,357</b>	<b>(4,989,069)</b>		
<b>Payments</b>			0				
Medical/Clinical costs	5,414,613		5,414,613	5,010,724	403,889	93%	d
Employee costs	4,012,000		4,012,000	4,019,626	(7,626)	100%	e
Remuneration of directors	126,000		126,000	67,500	58,500	54%	f
Repairs and maintenance	255,000		255,000	108,376	146,624	43%	g
General expenses	3,520,573	(130,000)	3,390,573	2,216,789	1,173,784	65%	h
Capital Expenditures	320,000	(320,000)	0	0	0	0%	i
<b>Total Payments</b>	<b>13,648,186</b>	<b>(450,000)</b>	<b>13,198,186</b>	<b>11,423,015</b>	<b>1,775,171</b>		
<b>Surplus</b>				<b>7,599,342</b>	<b>(6,764,240)</b>		

**Karuri Level 4 Hospital (County Government of Kiambu)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**Budget notes**

- a) Unutilized funds of Kshs 485,102 were rolled over from FY 2023/2024 and fully absorbed.
- b) Unbudgeted in-kind support worth Kshs 3,689,936 was received (medical supplies, equipment, and ICT assets).
- c) Revenue exceeded budget by Kshs 1,199,133 due to improved revenue collection systems.
- d) Expenditure was slightly lower (93% utilization), largely due to in-kind supplies provided by the County Government.
- e) Expenditure was on target (100% utilization), with only a minor payroll variance of Kshs 7,626.
- f) Underutilization (54%) resulted from reduced board allowances (travel and meal allowance).
- g) Expenditure was below budget (43% utilization) due to deferral of major repairs, with only essential works undertaken.
- h) Lower utilization (65%) because some recurrent expenses were absorbed under medical costs or supported directly by the County Government.
- i) Budgeted allocations were reallocated during the year (reduction of Kshs 320,000), and no capital assets were procured.

**Budget Reconciliation**

	<b>Description of Particulars</b>	<b>Amount in Kshs</b>
	Actual Surplus Amounts as per the statement of Budget	7,599,342
1	Presentation Difference (Transfer Health Fund Account)	(2,127,327)
2	Presentation Difference (Donations Received)	(3,689,936)
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>1,782,079</b>

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

### **1. General Information**

Karuri Level IV Hospital is established by and derives its authority and accountability from Public Health Act. The Hospital is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The Hospital's principal activity is the provision of healthcare services.

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

The financial statements have been prepared on a historical cost basis. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgement 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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Summary of Significant Accounting Policies**

#### **a) Revenue recognition**

The Hospital recognizes revenue from the rendering of services on either accrual or cash basis for NHIF and FIF respectively. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

#### **b) Budget information**

The original budget for FY 2024/2025 was approved by the Board on 28<sup>th</sup> June 2024. Subsequent revisions or additional appropriations have been made to the approved budget to reflect the changing revenue and expenditure trends.

The Hospital's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an 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.

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 financial performance has been presented under section **18** of these financial statements.

#### **c) 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.

#### **d) Related parties**

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

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**e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at the 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 an insignificant risk of changes in value. Bank account balances include amounts held 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**f) Comparative figures**

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

**g) 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<sup>th</sup>, 2025.

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

The preparation of the Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

**5. 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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

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

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Utility Bills	0	1,242,716
Pharmaceutical & Non-Pharmaceutical Supplies	702,756	2,643,411
Medical Supplies-Drawings Rights (KEMSA)	787,180	0
Medical Equipment-Ultra Sound	2,000,000	0
ICT Equipment-Computer	125,000	0
ICT Equipment-Printer	75,000	0
<b>Total in Kind Contribution from County Government</b>	<b>3,689,936</b>	<b>3,886,127</b>

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

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Pharmaceuticals Services	3,255,750	2,181,437
Laboratory Services	5,376,496	2,131,227
Out Patient Services	2,471,568	2,734,396
Nutrition Service	21,781	18,064
Dental Services	291,225	155,056
Reproductive Health (Maternity, FP, CWC, ANC)	922,570	428,479
Radiology	1,515,398	0
Other Medical Services Income	684,258	476,840
NHIF	189,160	5,585,630
SHIF	3,160,000	0
<b>Total Revenue from The Rendering of Services</b>	<b>17,888,206</b>	<b>13,711,129</b>

**8. Medical/ Clinical Costs**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Laboratory Chemicals & Reagents	3,291,364	1,583,463
Pharmaceutical Supplies	3,314,256	2,837,311
Non-Pharmaceuticals	2,580,499	1,211,972
Food And Ration	794,668	114,758
Sanitary & Cleaning Materials	368,440	73,746
Radiology Supplies	158,550	0
Publishing & Printing	105,650	69,700
Chemical & Industrial Gases	30,225	0
Dental costs/ Materials	0	68,200
<b>Total Medical/ Clinical Costs</b>	<b>10,643,652</b>	<b>5,959,150</b>

**9. Employee Costs**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Salaries, Wages, And Allowances	3,160,711	3,887,570
Contributions To Pension Schemes	420,984	315,360
Housing Levy	105,726	115,380
Staff Medical Expenses and Insurance Cover	83,700	107,850
<b>Employee Costs</b>	<b>3,771,121</b>	<b>4,426,160</b>

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**10. Board of Management Expenses**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Sitting allowance	40,000	31,500
<b>Total</b>	<b>40,000</b>	<b>31,500</b>

**11. Repairs And Maintenance**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Maintenance Of Buildings and Station	48,376	59,000
Maintenance of Lawn Mower	0	12,000
Maintenance Of Motor Vehicle	0	12,000
Maintenance Of Medical Equipment	18,000	50,000
Maintenance Of Generator	0	48,300
Maintenance Of Borehole	0	62,700
Maintenance Of ICT Equipment's	42,000	32,500
<b>Total Repairs and Maintenance</b>	<b>108,376</b>	<b>276,500</b>

**12. General Expenses**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Bank Charges	17,142	27,128
Catering	22,000	56,000
Contracted Security Services	1,260,000	840,000
Courier and Postal Services	0	18,900
Domestic Travel	36,000	0
Electricity Expenses	723,171	1,018,569
Water & Sewerage	418,810	177,710
Airtime	106,000	48,000
Internet Expenses	36,000	36,000
Other Fuel Expense	86,250	113,295
Stationaries	240,070	63,158
<b>Total General Expenses</b>	<b>2,945,443</b>	<b>2,398,760</b>

**13. Depreciation Expense**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
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	KShs	KShs
Property, Plant & Equipment	566,600	0
<b>Total Depreciation</b>	<b>566,600</b>	<b>0</b>

**14. Cash And Cash Equivalents**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Current Accounts	1,782,079	485,102
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,782,079</b>	<b>485,102</b>

**Detailed Analysis of Cash and Cash Equivalents**

Description		Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
Financial Institution	Account number	KShs	KShs
Current Account			
KCB Bank Operations Account	1157720137	142,078	322,203
KCB Bank Revenue Account	1256254940	1,640,001	162,899
<b>Grand Total</b>		<b>1,782,079</b>	<b>485,102</b>

**15. Receivables From Exchange Transactions**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Medical Services Receivables From Health Fund Account	27,349,631	2,231,450
Medical Services Receivables From NHIF	1,247,893	4,354,666
Medical Services Receivables From SHIF	1,520,000	0
Less: Impairment Allowance	0	0
<b>Total Receivables</b>	<b>30,117,524</b>	<b>6,586,116</b>

**Analysis of Receivables from Exchange Transactions**

Description	Year Ended 30 <sup>th</sup> June 2025		Year Ended 30 <sup>th</sup> June 2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	9,188,844	31%	5,355,152	81%
Between 1- 2 years	0	0%	1,230,964	19%
Between 2-3 years	1,247,893	4%	0	0%
Over 3 years	19,680,787	65%	0	0%
<b>Total (a+b)</b>	<b>30,117,524</b>	<b>100%</b>	<b>6,586,116</b>	<b>100%</b>

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**16. Inventories**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Non-Pharmaceutical supplies	491,457	705,727
Pharmaceutical supplies	475,276	628,074
Laboratory Reagents	128,806	168,800
Food supplies	45,405	141,175
Other Fuels	16,950	
Radiology Supplies	36,000	0
Stationaries	154,551	64,171
Chemical & Industrial Gases	18,000	0
Sanitary & Cleaning Material	26,307	115,507
Less: provision for impairment of stocks	0	0
<b>Total</b>	<b>1,392,751</b>	<b>1,823,454</b>

**Detailed disclosure on inventories**

	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
Opening Balance	1,823,454	1,723,121
Additional Inventory in the year	161,330	100,333
Inventory expensed in the year	(592,033)	0
<b>Closing Balance</b>	<b>1,392,751</b>	<b>1,823,454</b>

**17. Property, Plant and Equipment**

Description	ICT Equipment	Plant & Medical Equipment	Total
	Ksh	Ksh	Ksh
<b>Cost</b>			
At 1 <sup>st</sup> July 2024	0	0	0
Additions	200,000	2,000,000	2,200,000
<b>At 30<sup>th</sup> June 2025</b>	<b>200,000</b>	<b>2,000,000</b>	<b>2,200,000</b>
<b>Depreciation</b>			
At 1 <sup>st</sup> July 2024	0	0	0
Depreciation for the year	66,600	500,000	566,600
<b>At 30<sup>th</sup> June 2025</b>	<b>66,600</b>	<b>500,000</b>	<b>566,600</b>
<b>Net book values</b>			
At 30 <sup>th</sup> June 2024	0	0	0
<b>At 30<sup>th</sup> June 2025</b>	<b>133,400</b>	<b>1,500,000</b>	<b>1,633,400</b>

**18. Trade and other Payables**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Trade Payables	10,696,507	6,283,064
Employee Dues	273,750	547,185
Third-Party Payments (e.g. Unremitted Payroll Deductions)	64,260	39,330
<b>Total Trade &amp; Other Payables</b>	<b>11,034,517</b>	<b>6,869,579</b>

**Ageing analysis**

Description	Year Ended 30 <sup>th</sup> June 2025		Year Ended 30 <sup>th</sup> June 2024	
	Kshs	% of the total	Kshs	% of the total
Under one year	6,467,477	59%	886,099	13%
1-2 years	858,820	8%	3,293,516	48%
2-3 years	0	0%	2,689,964	39%
Over 3 years	3,708,220	34%	0	0%
<b>Total</b>	<b>11,034,517</b>	<b>100%</b>	<b>6,869,579</b>	<b>100%</b>

**19. Cash Generated from Operations**

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Surplus for the year before tax	3,502,950	4,505,186
<b>Adjusted For:</b>		
Depreciation	566,600	0
In Kind Contributions	(2,200,000)	0
<b>Working Capital Adjustments</b>		
Changes In Inventory	430,703	(100,333)
Changes In Receivables	(5,168,214)	(5,007,794)
Changes In Payables	4,164,938	886,099
<b>Net Cash Flow from Operating Activities</b>	<b>1,296,977</b>	<b>283,158</b>

**20. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The entity's financial risk management objectives and policies are detailed below:

**i) Liquidity risk management**

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30th June 2024</b>				
Trade Payables	57,950	202,610	6,022,504	<b>6,283,064</b>
Employee Benefit Obligation	8,730	577,785	0	<b>586,515</b>
<b>Total</b>	<b>66,680</b>	<b>780,395</b>	<b>6,022,504</b>	<b>6,869,579</b>
<b>At 30th June 2025</b>				<b>0</b>
Trade Payables	1,914,776	955,063	7,826,668	<b>10,696,507</b>
Employee Benefit Obligation	319,650	18,360	0	<b>338,010</b>
<b>Total</b>	<b>2,234,426</b>	<b>973,423</b>	<b>7,826,668</b>	<b>11,034,517</b>

**ii) Capital Risk Management**

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

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
Retained Earnings	3,919,550	2,025,093
<b>Total Funds</b>	<b>3,919,550</b>	<b>2,025,093</b>
Less: Cash And Bank Balances	1,782,079	485,102
Net Debt/ (Excess Cash and Cash Equivalents)	1,782,079	485,102
<b>Gearing</b>	<b>45%</b>	<b>24%</b>

**21. Related Party Balances**

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

- a) The National Government
- b) The County Government
- c) The Board of Directors
- d) Key Management

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	KShs	KShs
<b>Grants From the Government</b>		
Grants From County Government	3,789,936	3,886,127
<b>Total</b>	<b>3,789,936</b>	<b>3,886,127</b>
<b>Key Management Compensation</b>		
Directors' Emoluments	40,000	31,500

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<b>Total</b>	<b>40,000</b>	<b>31,500</b>
<b>Total</b>	<b>3,829,936</b>	<b>3,917,627</b>

**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 Hospital is a Semi-Autonomous Government Agency under the Department of Health Services in Kiambu County. Its ultimate parent is the Government of Kenya.

**24. Currency**

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

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**Appendix I: 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 for the FY 2023/2024 audit.

Audit Query	Observation	Management Response
Inaccuracies in the Financial Statements	The statement of financial performance includes in-kind contributions from the County Government totaling Kshs.3,886,127 as detailed in Note 5 of the financial statements. However, this amount includes an unsupported electricity utility bill of Kshs.1,242,716 and medical supplies valued at Kshs.2,643,411.	In response to the audit query regarding the in-kind contributions, we acknowledge the concerns raised and would like to provide the following clarification: i) Electricity Utility Bill of Kshs. 1,242,716: KPLC statements supporting this amount were obtained and availed to the auditor for their scrutiny in response to the draft audit report. ii) Medical Supplies Valued at Kshs 2,643,411: KEMSA invoices totaling Ksh 2,643, 411 were availed to the auditors in the course of the audit and they noted a discrepancy which was raised in the draft audit report.
	The statement of financial position reflects receivables from exchange transactions amounting to Kshs.6,586,116 as disclosed in Note 15 of the financial statements. However, the debtors' movement schedule and general ledgers were not provided for review.	The debtor's movement schedules and ledgers had been availed while responding to the draft audit report.
	The statement of financial performance reflects revenue from rendering of services amounting to Kshs.13,711,129 as disclosed in Note 7 of the financial statements. However, the support documents for revenue from rendering of services from pharmaceuticals, laboratory, accident and emergency service, dental services, reproductive health and other medical services ledgers totaling Kshs.8,125,499 were not provided for review.	CHIS system extracts detailing departmental revenues and soft copies Hospital Pay extracts supporting the Ksh Kshs 8,125,499 had been shared in the course of audit. The same documents were availed again while responding to the draft audit report.
	The statements of financial position reflect an inventory balance of Kshs.1,823,454 as disclosed in Note 16 to the financial statements. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30 June, 2024. It is therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.	Schedules were provided indicating departmental stock balances as certified by the departmental heads totaling to Ksh 1,823,454.
	The statement of cash flows and statement of changes in net assets reflects variances between the prior year audited amounts and current year comparative amounts	It was noted upon review of the audited financial reports for the year ended 30th June 2023 that the figures stated were correct and no variance existed.
	The statement of comparative budget and actual amounts shows nil balance relating to budgeted surplus for the period. However, recalculation led to a figure of Kshs.5,167,216 on budgeted surplus. No explanation was provided for this anomaly.	Check the audited financial report, the issue had been noted during the course of audit and the anomaly rectified.
Anomalies in Payment of Electric Bills	The statement of financial performance reflects general expenses totaling Kshs 2,398,760 which as disclosed in Note 13 to the financial statements includes an amount of Kshs1,018,569 under electricity expenses. Examination of electricity payment vouchers revealed that the amounts paid did not tally with the bill due for payment. In the circumstances, the accuracy of payment of electric expenses totaling Kshs 1,018,569 could not be confirmed	Electricity expense is recognized in the books once incurred under accrual basis of accounting, however payment for the accrued bills is made when funds are available, hence the difference in the monthly bill amounts and the actual payment.

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Cash and Cash Equivalents	<p>The statement of financial position and Note 14 to the financial statements reflects a cash and cash equivalents balance of Kshs.485,102. However, Variance between actual cashbook balance and cashbook balance shown on the reconciliation and overdrawn accounts were noted.</p> <p>In the circumstances, the accuracy of the cash and cash equivalents could not be confirmed.</p>	The matter had been noted in the course of audited and corrections made in the books.
Long Outstanding Payables	<p>The statement of financial position and Note 17 to the financial statements reflects a balance of Kshs.6,869,579 for trade and other payables. During the year under review, ageing analysis of trade payables provided revealed that there were payables to various suppliers that have been outstanding for over ninety (90) days totaling Kshs.5,983,480. It was not clear why the payments did not form first charge and remained outstanding.</p> <p>In the circumstances, the Hospital is exposed to loss of funds through fines and penalties.</p>	The hospital will heed to the auditor's recommendation of paying outstanding payables on first charge basis
Budgetary Control and Performance	<p>The statement of Comparison of budgeted and actual amounts reflects expenditure of Kshs. 13,092,070 against actual receipts of Kshs. 17,597,256 to an under expenditure of Kshs 4,508,934 or 26% of the actual receipts.</p> <p>The underutilization affected the planned activities and may have impacted negatively on service delivery to the citizens of the country.</p> <p>My opinion is not modified in respect of this matter.</p>	The Ksh 4,508,934 does not necessarily reflect an underutilization but a surplus as reported in the statement of comprehensive income. Underutilization was less than 10% of the budget.
Errors in Disclosure of Financial Information	<p>Examination of the financial statements revealed the following disclosure anomalies;</p> <ol style="list-style-type: none"> <li>i) The statement of performance against predetermined objectives was missing from the financial statements.</li> <li>ii) The signatures on the financial statements were not original but electronic.</li> <li>iii) The Hospital logo had not been placed on the face of the financial statements.</li> <li>iv) The notes shown on the statement of financial position and financial performance were not aligning to the notes to the financial statements. Further, the ledger and trial balance to confirm reported balances were not provided for audit review.</li> </ol> <p>In the circumstances, Management did not comply with Public Sector Accounting Standards Board Reporting Template.</p>	Check the audited financial report, the issue had been noted during the course of audit and the anomalies rectified.
Facility Check List Variances	<p>The Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 4 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43(1) of the Constitution of Kenya, 2010. Review of Karuri Level 4 Hospital noted that there were variances between the level 4 Hospital requirements as per checklist and what the Hospital had as highlighted in Appendix 5.</p> <p>In the circumstances, the Hospital did not meet the requirements of a level 4 hospital.</p>	The county Government of Kiambu initiated construction of a 300-bed capacity block which is approaching completion. With completion of this block Karuri Level 4 Hospital will be in position to offer highest standards of health services delivery as envisaged in Article 43(1) of the Constitution of Kenya, 2010.
Expired Drugs	<p>The statement of financial position and note 16 to the financial statements shows inventory of Kshs.1,823,454. Included in this are expired drugs amounting to Kshs.64,378. It was not clear why the re-order times were not managed well to avoid the expiry and loss of public funds as the drugs cannot be used and have to be disposed.</p>	Most of the drugs that expired had short expiry. The health care workers strike between March 2024 and June 2024 resulted in interruption of services occasioning the expiring of drugs worth Ksh 64,378.
Unsupported Purchase of Gas	<p>The statement of financial performance and Note 13 to the financial statements reflects and amount of KShs 2,748,760 for general expenses. Review of payment vouchers revealed that the Hospital purchased gas from a Company at Kshs.59,817 and Kshs.36,100 was paid vide cheque no 1107/886 and 1108 respectively. However, the gas was not received in the store and</p>	Purchase of gas was through LPO in favor of the vendor. The gas was drawn from the vendor by use of detail orders. An invoice is issued against the LPO amount and requisition done by use of detail orders.

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	there was no user requisition, distribution, contract and statement from the supplier provided for audit review.	
Irregularities in Repairs and Maintenance Expenses	The statement of financial performance and Note 12 to the financial statements reflects an amount of Kshs.276,500 for repairs and maintenance. Review of payment vouchers revealed that expenditures relating to repairs and maintenance had no user requisitions to confirm the need for repairs amounting to Kshs.157,000	Being low level procurement (purchases not exceeding Ksh 30,000) the repairs and maintenance expenses are made by use of Imprest. Warrants and payment vouchers were availed. The requisition is made using the Imprest warrant

*Mwangigeorg*

**Dr George Mwangi**  
**Accounting Officer**

*Karuri Level 4 Hospital (County Government of Kiambu)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**Appendix II: Inter-Entity Confirmation Letter**

Name of Transferring entity.....KIAMBU COUNTY HEALTH FUND ACCOUNT .....

Name of Beneficiary entity.....KARURI LEVEL 4 HOSPITAL....

Confirmation of amounts received by Karuri Level 4 Hospital as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1	12/07/2024	1,143,378	0	1,143,378	
2	18/10/2024	1,330,662	0	1,330,662	
3	06/11/2024	2,106,591	0	2,106,591	
4	06/02/2025	2,613,908	0	2,613,908	
5	19/05/2025	4,034,440	0	4,034,440	
<b>Total</b>		<b>11,228,979</b>	<b>0</b>	<b>11,228,979</b>	

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

Head of Accounts Department - Disbursing Entity:

Name Alex Wanyo Sign [Signature] Date 24/11/2025