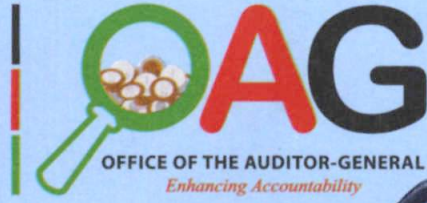


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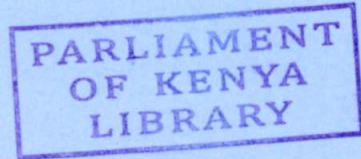
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REPORT

PAPERS LAID	
DATE	25/02/2026
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COMMITTEE	—
CLERK AT THE TABLE	THE AUDITOR-GENERAL

OF



ON

TAKABA SUB-COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF MANDERA

20



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# **TAKABA SUB COUNTY REFERRAL HOSPITAL**

## **(Mandera County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SHA	Social Health Authority
IPSAS	International public sector Accounting Standards
TSCRH	Takaba Sub County Referral Hospital

**2. Key Entity Information and Management**

**(a) Background information**

Takaba sub county Referral Hospital is a level 4 hospital established under gazette notice number 784(4436) and is domiciled in Mandera County under the Ministry of health Department. The hospital is governed by Hospital Board of Management.

**(b) Principal Activities**

The principal activity of the hospital is to provide medical service

**Vision**

To be a hospital of choice offering easily and affordable, accessible and personalized healthcare services

**Mission**

To optimize our Healthcare service to achieve equity in healthcare for all our clients.

**(c) Key Management**

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

- County department of health
- Health Management Team
- Hospital Board management team
- Departmental heads.

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Mohamed Ibrahim Jirma
2.	Hospital Administrator	Mr. Adan Ahmed Ali
3.	Head of finance	Mrs Hassan Kullow
4.	Head of supply chain	Mr. Adan Kassim Abdi
5.	Nursing officer in charge	Mr. Adan Mohamed

**(e) Fiduciary Oversight Arrangements**

- Clinical Research
- Audit Committee
- County Assembly
- Office of the Auditor General
- Risk Committee
- Risk Committee
- County Assembly
- Parliamentary committees

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

**(f) Entity Headquarters**

Takaba Sub County Hospital  
Takaba Town next to A.p. Camp  
P.O. Box 13 70303  
Takaba, Kenya.

**(g) Entity Contacts**

Telephone +254722247073  
E-mail: takabareferralhospital@gmail.com  
Website: www.takabahospital.go.ke

**(h) Entity Bankers**

Equity Bank Ltd  
Mandera Branch.

**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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


**(k) County Attorney**

P.O. Box.13-70300,  
Mandera, Kenya.

### 3. The Board of Management



Ref	Directors	Details
1.	 <b>Mr. Mohamed Abdi Hukay</b> <b>Chairman – Board of Management</b>	<p>Mr. Mohamed Abdi Hukay is the current Chairman of the Board of Management. He is a seasoned educationist and the headteacher at Bolowle Primary School. Mr. Mohamed holds a Master's degree in Leadership and Management, as well as a Bachelor's degree in Education Arts. With over 20 years of experience in public service, he has served in various capacities ranging from middle to senior management levels. His career reflects a strong commitment to continuous professional growth, driven by self-initiative and adaptability to evolving educational and leadership demands.</p>
2.	 <b>Mr. Nurow Abdullah Hussein-</b> <b>Member, Board of Management</b>	<p>Mr. Nurow Abdullah Hussein is a dedicated member of the Board of Management. He holds a Bachelor's degree in Education Arts and has served as a headteacher for over 25 years. His extensive experience in public service at high management levels is a clear reflection of his commitment, hard work, and proven leadership capabilities in the education sector.</p>
3.	 <b>Dr. Mohamed Ibrahim Jirma.</b> <b>Secretary Board of Management</b> <b>Medical Superintendent.</b>	<p><b><u>Medical Superintendent.</u></b>  <b><u>Academic Qualification Bachelor of medicine and Surgery</u></b>  <b><u>Duties and Responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. Overseeing the overall administration and functioning of the hospital</li> <li>2. Managing and coordinating activities of different department</li> <li>3. Develop and implement policies, procedures.</li> <li>4. Monitor and evaluate performance of staff</li> <li>5. Fostering relationships with healthcare organization</li> </ol>
4.	 <b>Adan Ahmed Ali</b> <b>Board Member</b> <b>Bachelor of Business Administration</b>	<p><b><u>Hospital Administrator</u></b>  <b><u>Duties and Responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. leadership and strategic planning</li> <li>2. financial management</li> <li>3. operations management</li> <li>4. human Resource management</li> <li>5. Quality and patient safety</li> <li>6. medical staff management.</li> </ol>

**Takaba Sub County Referral Hospital (Mandera County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025.**





<p>5.</p>	 <p><b>Mr. Mohamed Dahir Abdi- Member, Board of Management</b></p>	<p>Mr. Mohamed Dahir is a valued member of the Board of Management. He holds a Bachelor's degree in Public Health and brings over 34 years of experience in public service as a Public Health Officer. Throughout his career, he served in both County and National Government under the Department of Public Health. Mr. Dahir is known for his dedication, professionalism, and commitment to preventive health services, consistently demonstrating hard work and integrity in the discharge of his duties.</p>
<p>6.</p>	 <p><b>Dr. Ali Mohamed Adan Member, Board of Management</b></p>	<p>Dr. Ali Mohamed Adan holds a Master's degree in Education Arts and brings with him over 23 years of experience in public service at high management levels. His long-standing service is a strong testament to his dedication, leadership, and consistent ability to deliver results. Dr. Ali is recognized for his professionalism, strategic thinking, and unwavering commitment to educational excellence.</p>
<p>7.</p>	 <p><b>Mrs. Naqwa Ibrahim Robow Member, Board of Management</b></p>	<p>Mrs. Faiza holds a Diploma in Procurement and Supplies Management. She has over 6 years of professional experience in procurement and supply chain management, having served with Save the Children International. Known for her hard work, reliability, and dedication, Mrs. Faiza currently serves as an Administrator at Haji Trading Centre. Her expertise in logistics and administrative management brings valuable insights to the Board.</p>
<p>8.</p>	 <p><b>Mrs. Naqwa Ibrahim Robow Member, Board of Management</b></p>	<p>Mrs. Naqwa holds a Bachelor's degree in Business Management, specializing in Banking and Finance and is a Certified Public Accountant (CPA-K). She has over 6 years of experience in accounting, having worked with Petro Bunia Ltd from 2020 to 2024. Currently serving in Uasin Gishu, Mrs. Naqwa is a hardworking, experienced, and dedicated professional whose financial expertise and commitment to excellence make her a valuable asset to the Board of Management.</p>

**Mrs. Naqwa Ibrahim Robow**  
Member, Board of Management

***Takaba Sub County Referral Hospital (Mandera County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025.***

9.	 <p><b>Mr. Ahmed Ibrahim Mohamed</b> Member, Board of Management</p>	<p>Mr. Ahmed Ibrahim Mohamed holds a degree in Arabic and Islamic Studies and brings over 10 years of experience in the education sector, having served at Madasatul Zeid Bin Thabit in Takaba. His strong background in religious and language studies, coupled with a decade of dedicated service, reflects his commitment to education and community development. Mr. Ahmed's experience and values make him a respected and valuable member of the Board.</p>
10.	 <p><b>Mr. Kullow Hassan Adan</b> Member, Board of Management</p>	<p>Mr. Kullow Hassan Adan holds a Bachelor's degree in Business Management, specializing in Procurement. He brings over six years of experience in both public and private sectors, where he has demonstrated strong skills in procurement and organizational management. His diverse experience, professionalism, and strategic approach contribute significantly to the effectiveness and accountability of the Board of Management.</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p><b>Dr. Mohamed Ibrahim Jirma.</b>  <b>Academic Qualification-</b>  <b>Bachelor of Medicine and Bachelor of surgery.</b></p>	<p><b><u>Medical Superintendent.</u></b>  <b><u>Duties and Responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. Overseeing the overall administration and functioning of the hospital</li> <li>2. Managing and coordinating activities of different department</li> <li>3. Develop and implement policies, procedures.</li> <li>4. Monitor and evaluate performance of staff</li> <li>5. Fostering relationships with healthcare organization</li> </ol>
2.	 <p><b>Adan Ahmed Ali</b>  <b>Bachelor of Business Administration</b></p>	<p><b><u>Hospital Administrator</u></b>  <b><u>Duties and Responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. leadership and strategic planning</li> <li>2. financial management</li> <li>3. operations management</li> <li>4. human Resource management</li> <li>5. Quality and patient safety</li> <li>6. medical staff management.</li> </ol>
3.	 <p><b>Hafsa Kullow</b>  <b>Bachelor of Business Management – Accounting Option</b></p>	<p><b><u>Accountant In-charge</u></b>  <b><u>Duties and responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. Financial management</li> <li>2. Accounting processes</li> <li>3. Financial planning and analysis</li> <li>4. Cost control and expenses management</li> <li>5. Financial reporting and compliance</li> <li>6. Audit coordination</li> </ol>
4.	 <p><b>Adan Mohamed Issack</b>  <b>Bachelor of Science in Community Nutrition</b></p>	<p><b><u>Nursing Officer - in charge</u></b>  <b><u>Duties and responsibilities</u></b></p> <ol style="list-style-type: none"> <li>1. Provision of quality health care</li> <li>2. Staff management and development</li> <li>3. Review and revise care plan &amp; assessments</li> <li>4. Ensure availability of equipment's for patient management.</li> <li>5. Ensure high level of infection prevention</li> <li>6. Ensure high quality nursing care in department</li> </ol>

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

As the Chairman of the Board of Management for Takaba Sub County Referral Hospital, I am both honored and humbled to share our progress and journey over the past year. It is with a profound sense of gratitude and responsibility that I reflect on our accomplishments, challenges and unwavering commitment to the health and well-being of our community.

Our hospital continues to serve as a beacon of hope and healing, delivering quality, affordable, and accessible healthcare services to the people of Takaba Sub County and its surrounding areas. From the beginning, our mission has been rooted in service and we remain deeply committed to ensuring that every person who walks through our doors receives compassionate, professional and timely medical care.

In recent times, healthcare systems globally have faced unprecedented challenges and ours has been no exception. Despite these obstacles, our hospital has not only remained operational but has adapted and responded with resilience, innovation and dedication. This would not have been possible without the tireless efforts of our entire team — from doctors and nurses to administrative staff, support teams and community health workers. Their unwavering commitment to service, even in the face of adversity, has been nothing short of inspiring.

I would also like to highlight the strides we have made in strengthening our infrastructure, improving patient care and enhancing our operational efficiency. Through careful planning, stakeholder engagement and support from both the County Government and development partners, we have been able to expand our service delivery capacity and improve essential medical services. These advancements are helping us meet the growing health demands of our population while ensuring patient dignity and safety.

As a Board, we remain focused on governance, oversight and strategic guidance. Our goal is to ensure the sustainability of the hospital's operations and to provide a clear vision for future development. We are working closely with hospital management and relevant health authorities to prioritize areas such as staff training, equipment acquisition, infrastructure development and community health outreach. We are also keen on fostering partnerships that can bring in more resources, knowledge, and support for our institution.

The success of Takaba Sub County Referral Hospital would not be possible without the trust and collaboration of our community. I extend my heartfelt appreciation to our patients and their families, who continue to place their confidence in our services. I also thank our community leaders, stakeholders and partners for their steadfast support and encouragement.

Looking ahead, our vision is to transform Takaba Sub County Referral Hospital into a center of excellence in rural healthcare delivery. We aspire to achieve this through continuous improvement, innovation, and unwavering commitment to our core values. We recognize that health is a fundamental human right, and we will continue to do all we can to ensure that right is preserved and protected for every resident of our community.

In conclusion, I remain confident that with continued support, teamwork and shared responsibility, we will overcome future challenges and reach even greater milestones. The journey ahead requires our collective strength and unity and I call upon all stakeholders to walk with us as we build a healthier, stronger Takaba.

Thank you.



.....

**Mr. Mohamed Abdi Hukay**

**Chairman to the Board**

## 6. Report of The Medical Superintendent

I am pleased to present a comprehensive report on the high level of financial performance of our esteemed hospital. The achievements outlined in this report reflect the dedication and commitment of our management and the entire staff. It's with pride that I share the following information by highlighting the mentioned financial performance and commitment to excellence in healthcare for effective and efficient service delivery.

Our financial achievements are a testament to our commitment to excellence in healthcare and a focused approach to financial discipline. The hospital has continued to provide quality services while maintaining prudent management of available resources. Allow me to highlight the key financial areas in which significant strides have been made

- a) **Cost management** – our hospital has implemented robust cost management strategies resulting in efficient operation and controlled expenses by identifying potential cost saving opportunities and negotiated advantageous contracts with suppliers thus reducing running cost of the hospital and regular monitoring of expenses which has played vital role in achieving favourable financial outcomes.
- b) **Cash management** – timely payment of liabilities has resulted in improved hospital operation and acquisition of essential drugs and equipment's before it runs out of stock enhancing better service in the hospital prompt payment of casual salaries notwithstanding.
- c) **Budgeting** - a proper financial planning has given us insight on diligent focus on managing hospital expenditures, pending bills and efficient resource allocation in the budget for smooth running of the hospital.
- d) **Supply chain management**- the hospital has implemented cost effective procurement and inventory management systems resulting reduced cost related to medicinal supplies, pharmaceuticals and maintenance of equipment and all other hospital supplies by streamlining procedures where all departmental heads forward their request to management for approval before an order is made. Thus, enabling the practice of PFM Acts and Regulations in the hospital.
- e) **Revenue Generation** – our hospital has experienced a significant increase in revenue which is as result of increase in patient volume, improved service offering in all critical departments and effective utilization of available healthcare resource for effective financial management.

In abide to increase the hospital revenues the management embarked on increasing revenue stream including but not limited to SHA claims of both inpatients and outpatient and Linda mama reimbursement for free deliveries conducted at the facility.

However, inconsistency of release of recurrent AIEs from the treasury has led to accumulation of pending bills in the financial year under review; this demotivated the suppliers and others cancelling their contract while frustrating the efforts of the management. Among the suppliers the hospital owes includes KPLC, food and ration supplies, printing services and water supplies

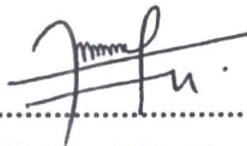
In conclusion, the high level of financial performance achieved by our hospital is a testament to our unwavering commitment to providing exceptional healthcare services.

We would like to extend my sincere appreciation to the hospital leadership, staff, Board of Management, and all stakeholders for their continued dedication, collaboration, and support. It is my humble submission that consistent and timely financing is critical to achieving our shared goal of delivering healthcare that is accessible, affordable, and acceptable to the residents of Mandera West Sub County.

Together, let us remain committed to strengthening our financial base and service delivery, ensuring that Takaba Sub County Referral Hospital continues to serve our community with excellence, integrity, and compassion.

Moving forward, it's crucial that we explore avenues for increase in revenue generation, optimizing cost on structures and maintaining prudent financial practices. I extend my gratitude to hospital leadership, staff members and other stakeholders for their dedication and teamwork in attaining this remarkable financial performance. It's my humble submission that consistent financing plays a critical role towards provision of health service delivery that is acceptable accessible and affordable to health service seekers of Mandera west Sub County.

Thank you



.....  
**Dr. Mohamed Ibrahim Jirma**

**Secretary – Board of Management.**

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

Takaba Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the year ended June 2024. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Information.

Pillar/theme/issue 2: Human resources

Pillar/theme/issue 3: Financing

Takaba Sub County hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on annually basis.

Takaba sub county hospital achieved its performance targets set for the FY 2023/2024 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Information	Operational excellence	Enhance efficiency in the provision of health care	Seamless, effective and timely service delivery and efficient utilization of resources
Pillar/theme/issue 2:	Human Resources	Excellence in clinical outcomes	Improve the availability of essential health services	Improved quality health care
Pillar/theme/issue 3:	Financing	Business growth	Enhance hospital to cater for its operations	Improved financial sustainability

**1) Achieve operational excellence to deliver speed and efficiency**

Takaba sub-county hospital needs to deliver a better overall customer experience by aligning processes, reducing timelines and making the whole customer experience from visit to exit a fast and efficient system. To achieve this goal, the hospital will focus on the following objectives:

- Achieve operational excellence through process reengineering and policies
- Reduce waiting times through automation
- Review and institutionalize robust quality assurance processes
- Maintain excellent outcomes of treatment to reduce morbidity and mortality

## **8. Corporate Governance Statement**

Takaba Sub County Referral Hospital is committed to upholding the highest standards of corporate governance to ensure transparency, accountability, and integrity in all aspects of our operations. As a publicly funded institution entrusted with the health and well-being of our community, we recognize the importance of effective governance practices in fulfilling our mission and serving the public interest.

### **Governance Structure**

Our governance structure is designed to promote effective oversight, decision-making, and accountability. The Board of Directors, composed of experienced professionals with diverse backgrounds, provides strategic guidance and oversight to the hospital's management team. The Board operates in accordance with its charter, which outlines its responsibilities, composition, and governance processes.

### **Ethical Standards**

Takaba Sub County Referral Hospital, we adhere to the highest ethical standards in all our activities. Our Code of Conduct sets forth the principles and values that govern the behavior of our directors, executives, employees, and volunteers. We are committed to conducting business with honesty, integrity, and respect for legal and regulatory requirements.

### **Risk Management**

Managing risk is integral to our governance framework. The Board oversees the hospital's risk management processes, which identify, assess, and mitigate risks that may affect our operations, finances, or reputation. We regularly review and update our risk management policies and procedures to adapt to changing circumstances and emerging threats.

### **Transparency and Disclosure:**

We believe in transparent communication with our stakeholders. We provide regular updates on our financial performance, strategic initiatives, and governance practices through our annual reports, financial statements, and other communications channels. Additionally, we comply with all applicable disclosure requirements to ensure transparency and accountability to the public.

### **Stakeholder Engagement:**

Engaging with our stakeholders is essential to understanding their needs and expectations. We actively seek input from patients, families, employees, healthcare professionals, government agencies, and community organizations to inform our decision-making and improve the quality of our services. We are committed to fostering open dialogue and collaboration with all stakeholders.

### **Continuous Improvement:**

We are dedicated to continuous improvement in governance practices. We regularly evaluate our governance structure, policies, and processes to identify areas for enhancement and implement best practices. Through ongoing learning and development, we strive to strengthen our governance framework and uphold the trust and confidence of our stakeholders. At Takaba Sub County Referral Hospital, we are committed to maintaining the highest standards of corporate governance to fulfill our mission of providing quality healthcare services to our community. We will continue to uphold the principles of transparency, accountability, and integrity in all our endeavors, guided by our commitment to excellence and the public interest.

**9. Management Discussion and Analysis**

**Clinical/operational performance**

	<b>DESCRIPTION</b>	<b>TOTAL NUMBER/%</b>
1.	Bed Capacity (Medical & Maternity Wards)	58%
2.	Outpatient Attendance	21,504
3.	Inpatient Attendance	1,755
4.	Accident & Emergency Attendance	1430
5.	Special Clinic Attendance	4185
6.	Average Length of stay for Inpatient	6 days
7.	Bed Occupancy rate.	42.15%
8.	Mortality Rate.	1.25%

<b>SURGICAL THEATRE UTILISATION</b>	
<b>PROCEDURE</b>	<b>TOTAL NO.</b>
Caesarean section	83
Circumcision	79
Debridement	22
Disarticulation	3
Ear syringing	2
Excision	2
Incision	2
Marsupialization	1
Dilation and curettage	3
Surgical Exploration	4
Removal of cyst	1
Removal of ring	1
Surgical toileting	1
Tendon rupture	1
Removal of extra digit	1
Foreign body removal	16
Haemorrhoidectomy	2
Incision and Drainage	13
Thoracostomy	2
Perineal repair	2
Salpingostomy	1
Colpoperineorrhaphy	2

**Financial performance that includes: -**

**1. Financial performance**

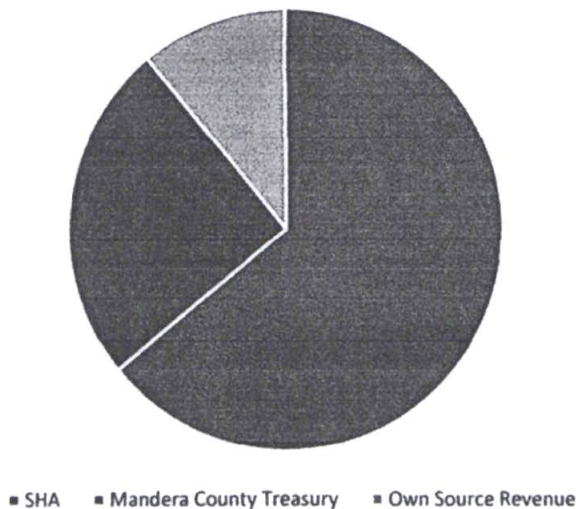
For the year under review Takaba sub county hospital opening balance as at 1<sup>st</sup> July 2024 was Kshs. 38,946.99 and hospital received Ksh.4,316,865 from Mandera county treasury, Ksh.11,533,895 from Linda Mama and another Kshs. 2,427,493 from Own Source Revenue totalling to Kshs. 18,317,199.99. This revenue has been utilised for hospital operations as follows; Ksh.5,138,000 used for medical/clinical cost, Ksh.3,452,400 for employee cost, ksh.3,300,000 for repair and maintenance, Kshs 1,737,800 for Board Management and Ksh.4,685,163 for general expenses of the hospital. Therefore, the surplus for the year ended 30<sup>th</sup> June 2025 is Kshs. 3,838. This shows Takaba sub county hospital have utilized 99.98%% of its revenue for this financial year.

The table below shows the utilization of revenue received during this financial year.

s/n	Particulars	Amount (Kshs)	Percentage %
1	Medical/clinical cost	5,138,000	28.05%
2	Employee costs	3,452,400	18.85%
3	Board of Management Expenses	1,737,800	9.48%
4	Repairs and maintenance	3,300,000	18.02%
5	General expenses	4,685,163	25.58%
	<b>Grand total</b>	<b>18,313,363</b>	<b>99.98%</b>

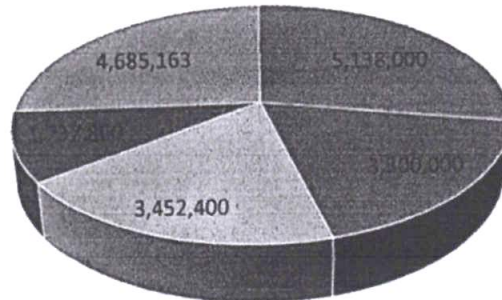
**a. Revenue**

**Takaba Sub County Hospital Revenue**



b. Utilization

TAKABA SUB COUNTY REFERRAL HOSPITAL EXPENDITURE



- Medical and Clinical Cost
- Employee Cost
- General Expenses
- Repair and Maintenance
- Hospital Management Expenses

**Revenue sources,**

Our Main revenue sources to our hospital are AIE from Mandera county Government, SHA and Our Own Source Revenue after Enactment of FIF. The hospital's budget is prepared at Hospital Level in presence of Board of Management and approved by the Chief Officer of Medical Services in collaboration with the County Treasury on quarterly basis based on expenditure. This funding is allocated through the approved budget and plays a crucial role in sustaining the hospital's operations.

**SHIF – Social Health Insurance Fund**

SHA program IS providing free delivery services to all mothers in the hospital's maternity department. The program plays a vital role in generating revenue for the hospital. Under this program, the hospital receives funding from the Social Health Insurance Fund.

**Utilisation of funds**

Fund is utilized on quarterly basis as per the expenditure and the budget, which is approved by the Chief Officer of Medical Services in collaboration with the County Treasury. This funding is allocated through the approved budget and plays a crucial role in sustaining the hospital's operations.



.....  
**Dr. Mohamed Ibrahim Jirma**  
**Medical Superintendent**

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

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

### ***Sustainability strategy and profile***

Our main priority is to reduce our carbon footprint, minimize waste generation, conserve water, and protect biodiversity in the hospital eco system.

### ***Environmental performance***

The Hospital depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
  - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
  - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
  - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
  - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
  - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
  - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
  - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024) - Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Mandera County Climate Change bill 2021

### **1. Success;**

- Increased coverage on medical services
- Sustainable management of solid waste

### **2. Short comings**

- Scarcity of resources
- Underfunding

### **3. Efforts towards biodiversity management**

- Strict laws preventing cutting down of trees
- Incentives for reforestation and afforestation

- Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

**Policies on waste management;**

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006

**i) Employee welfare**

Enhance employee well-being, promote diversity and inclusion, and support community development initiatives.

**ii) Market place practices-**

**a) Responsible competition practice.**

The hospital in all operation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

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

*Takaba Sub County Referral Hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.*

**c) Responsible marketing and advertisement**

*Takaba Sub County Referral Hospital observes Responsible marketing and advertising that involves sound ethical practices that prioritize transparency, honesty, and respect for consumers.*

**d) Product stewardship**

Safeguarding consumer rights and interests is essential for building trust and loyalty with customers. Here's an outline of efforts that *Takaba Sub County Referral Hospital* undertakes to protect consumer rights and interests:

**Clear Communication:**

- Provide clear and transparent information about products or services, including pricing, terms of sale, warranties, and return policies.
- Use plain language in contracts, agreements, and marketing materials to ensure consumers fully understand their rights and obligations.

**Product Safety and Quality:**

- Ensure that products meet safety standards and regulations to prevent harm to consumers.
- Conduct quality control measures to maintain the reliability and performance of products.

**Fair Pricing Practices:**

- Avoid price gouging or unfair pricing practices that exploit consumers during times of high demand or scarcity.
- Offer competitive pricing and provide value for money to consumers.

**Non-discrimination and Inclusivity:**

- Ensure that products and services are accessible to all consumers, regardless of factors such as age, gender, ethnicity, disability, or socio-economic status.
- Avoid discriminatory practices in advertising, pricing, or service delivery.

**Education and Empowerment:**

- Educate consumers about their rights and responsibilities through consumer awareness campaigns, informational resources, and educational materials.
- Empower consumers to make informed decisions by providing access to unbiased information and resources.

**Regulatory Compliance:**

- Comply with relevant laws, regulations, and industry standards governing consumer rights and protections.
- Stay informed about changes in regulations and update policies and practices accordingly.

**Continuous Improvement:**

- Regularly review and update policies, procedures, and practices to enhance consumer protection and address emerging issues or concerns.
- Solicit feedback from consumers and stakeholders to identify areas for improvement and implement corrective actions.

By prioritizing these efforts, organizations can foster trust, loyalty, and long-term relationships with consumers while promoting fairness, transparency, and accountability in the marketplace.

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

Corporate social responsibility (CSR) and community engagement are crucial aspects of Takaba Sub County Referral Hospital's mission to serve the community beyond providing healthcare services. Here's an outline of our CSR initiatives and community engagement efforts:

**1. Access to Healthcare:**

- Provide affordable or free healthcare services to underserved populations, including uninsured or underinsured individuals.
- Offer health screenings, vaccinations, and preventive care programs to promote community health and well-being.

**2. Health Education and Awareness:**

- Conduct community health education workshops, seminars, and outreach programs to raise awareness about common health issues, preventive measures, and healthy lifestyle choices.
- Collaborate with schools, community centers, and local organizations to deliver health education initiatives targeted at specific populations or demographic groups.

**3. Support for Vulnerable Groups:**

- Partner with social service agencies, shelters, and NGOs to provide healthcare services and support to vulnerable populations, such as homeless individuals, refugees, and survivors of domestic violence.
- Offer specialized clinics or support groups for individuals with chronic illnesses, disabilities, or mental health conditions.

**4. Disaster Response and Relief:**

- Develop emergency preparedness plans and protocols to respond effectively to natural disasters, public health emergencies, and other crises.
- Provide medical aid, emergency care, and support services to disaster-affected communities in collaboration with local authorities and relief organizations.

**5. Environmental Sustainability:**

- Implement eco-friendly practices and initiatives to reduce the hospital's environmental footprint, such as energy conservation, waste reduction, and recycling programs.
- Promote sustainable transportation options for staff and patients, such as public transit, carpooling, or biking.

**6. Collaboration and Partnerships:**

- Forge partnerships with local businesses, government agencies, educational institutions, and community organizations to leverage resources, expertise, and networks for mutual benefit.

- Participate in community coalitions, task forces, and collaborative initiatives focused on improving health outcomes and addressing social determinants of health.

**7. Stakeholder Engagement:**

- Engage with patients, families, caregivers, healthcare providers, and other stakeholders to solicit feedback, input, and participation in hospital governance, decision-making, and quality improvement efforts.
- Foster open communication and transparency to build trust and strengthen relationships with stakeholders.

**8. Impact Measurement and Reporting:**

- Establish metrics, benchmarks, and indicators to measure the impact and effectiveness of CSR initiatives and community engagement efforts.
- Produce annual reports, impact assessments, and case studies to communicate the hospital's social, economic, and environmental contributions to the community.

By prioritizing these CSR initiatives and community engagement efforts, our hospital can fulfill its broader social mission, strengthen community ties, and enhance its reputation as a trusted healthcare provider and community partner.

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

The Board members submit their report together with the Audited Financial Statements for the yearended June 30<sup>th</sup> 2025, which show the state of the hospital's affairs.

**Principal activities**

The principal activities of the hospital are to offer inpatient and outpatient services and provide them with medical service

**Results**

The results of Takaba sub-county hospital for the year ended June 30<sup>th</sup> 2025 are set out on pages 1 to 9.

**Auditors**

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



**Dr. Mohamed Ibrahim Jirma**  
**Medical Superintendent/Secretary to the Board**

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

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


The Board of Management is responsible for the preparation and presentation of the Hospitals financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

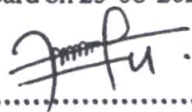
The Board of Management accepts responsibility for the Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that the Hospital financial statements give a true and fair view of the state of Hospitals transactions during the financial year ended June 30, 2025, and of the hospitals 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 financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern nothing has come to the attention of the Board of management to indicate that the Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

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

The Hospital's financial statements were approved by the Board on 25-08-2025 and signed on its behalf by:

  
.....  
**Mohamed Abdi Hukay**  
**Chairperson**  
**Board of Management**

  
.....  
**Dr. Mohamed Ibrahim Jirma**  
**Medical Superintendent/ Secretary**  
**Board of Management**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON TAKABA SUB-COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MANDERA

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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 Takaba Sub-County Referral Hospital set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

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*Report of the Auditor-General on Takaba Sub-County Referral Hospital for the year ended 30 June, 2025 - County Government of Mandera*

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

### **Basis for Qualified Opinion**

#### **1. Non-Disclosure of Staff Salaries and Allowances Paid by the County Executive as In-kind Contributions**

The statement of financial performance reflects employees' costs of Kshs.4,049,000 in respect of casual employees. However, the amount excludes salaries and allowances for permanent employees working at the Hospital which were paid by the County Executive of Mandera. Management did not provide an explanation for failure to disclose the expenditure as in-kind contributions in the statement of financial performance.

In the circumstances, the accuracy and completeness of the employees' costs of Kshs.4,049,000 could not be confirmed.

#### **2. Undisclosed Property, Plant and Equipment Balance**

The statement of financial position reflects nil balance in respect of property, plant and equipment. However, review of records and physical inspection conducted in the month of November, 2025 revealed that the Hospital owned property, plant and equipment of undetermined value including land and buildings, furniture, computers and medical equipment. However, Management did not provide explanation for the failure to disclose the property, plant and equipment in the financial statements.

In addition, the Management did not maintain a fixed asset register documenting the asset details including; description of the assets, identification or serial numbers, acquisition date and cost of acquisition, accumulated depreciation and current status. Further, Management did not provide ownership documents for the land on which the Hospital buildings and structures sit.

In the circumstances, the existence, ownership, accuracy and completeness of property, plant and equipment could not be confirmed.

### **3. Unsupported In-Kind Drug Supplies from KEMSA Financed by the County Executive**

The statement of financial performance reflects medical/clinical costs of Kshs.20,521,300 as disclosed in Note 8 to the financial statements. The cost includes medical drugs cost of Kshs.15,000,000. However, the amount was not supported by relevant stores records including stores ledgers, bin cards or goods received notes.

In the circumstances, the accuracy of medical/clinical costs of Kshs.15,000,000 could not be confirmed.

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

#### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.21,291,947 and Kshs.18,317,200 respectively, resulting in an under funding of Kshs.2,974,747 or 14% of the budget. Similarly, the Hospital spent Kshs.18,313,362 against actual revenue of Kshs.18,317,200 resulting in an under-utilization of Kshs.3,838 of the budget or 100% absorption.

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

My Opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Matter**

##### **Unresolved Prior Year Issues**

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

No.	Financial Year	Audit Issue
1	2023/2024	Non-Disclosure of Employees Cost paid by the County Government
2	2023/2024	Non-Disclosure of Other Expenses Paid by the County Government
3	2023/2024	Unconfirmed Inventory Balance
4	2023/2024	Undisclosed Property, Plant and Equipment
5	2023/2024	Unresolved Prior Year Matters
6	2023/2024	Incorrect Presentation of the Statement of Performance Against Predetermined Objectives.
7	2023/2024	Failure to Prepare Estimates of Income and Expenditure.
8	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
9	2023/2024	Irregular Engagement of Casual Employees
10	2023/2024	Lack of Hospital Management Board.
11	2023/2024	Lack of Internal Audit Function and Audit Committee
12	2023/2024	Lack of Risk Management Policy and Disaster Recovery Plan

### Other Information

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

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

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

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

#### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## Basis for Conclusion

### 1. Failure to Prepare Estimates of Income and Expenditure

The Management of the Hospital did not prepare estimates of income and expenditure and submit the same to the respective County Executive Committee Member for Finance and Economic Planning as required. Although the statement of comparison of budget and actual amounts was prepared and included in the financial statements, the source and validity of budget amounts reflected in the statement could not be confirmed.

The Hospital operated without an approved budget during the year under review. This was contrary to Section 149(2) (h-i) of the Public Finance Management, 2012 which provides that an accounting officer shall, in respect of the entity concerned prepare estimates of expenditure of the entity in conformity with the strategic plan of the entity and submit the estimates of an entity, which is not a county corporation to the County Executive Committee member for finance.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficits as detailed below:

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anesthesiologist	2	0	2	100
General Surgeons	2	1	1	50
Gynecology	2	0	2	100
Pediatrics	2	0	2	100
Radiologist	2	0	2	100
Kenya Registered Community Health Nurses	75	17	60	80
<b>Total</b>	<b>101</b>	<b>19</b>	<b>82</b>	<b>81</b>
<b>Bed Capacity</b>	<b>150</b>	<b>40</b>	<b>110</b>	<b>73</b>
<b>Equipment and Machine</b>				
Resuscitaire (2 in Labor & 1 in Theatre)	3	2	1	33

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	5	1	4	80
Functional ICU Beds	6	2	4	67
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit With at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	0	2	100

In addition, the Hospital lacked functional intensive care unit beds, high dependency unit beds, renal unit with at least 5 dialysis machines.

The deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not been achieved. Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Hospital Management Board

Review of Hospital's governance revealed that during the year under review, the Hospital operated without properly constituted Hospital Management Committee. This was contrary to the provisions of Section 9 of the Facilities Improvement Financing Act, 2023

which states that the County Executive Committee Member shall support the implementation of the facility improvement financing by appointing Health Facility Management Committees, Health Management Committees and Boards, where applicable and publishing in the official Gazette.

In the circumstances, it was not possible to confirm the effectiveness of governance systems at the Hospital.

## **2. Lack of Key Management Policies**

The Hospital had not put in place key policies including human resource policy manual, credit management policy, finance manual, risk management policy and business continuity plan during the year under review.

Lack of key policies and manuals may result to the Hospital deviating from its goals and overall strategic objectives which may affect overall governance of the Hospital.

In the circumstances, the effectiveness of internal controls at the Hospital could not be confirmed.

## **3. Failure to Establish internal Audit function**

During the year under review, the Hospital did not have an internal audit unit. This was contrary to Section 155(1)(a) of the Public Finance Management Act, 2012 which provides that a county government entity shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the existence of effective mechanisms and processes for review and evaluation of budgetary performance, financial management, transparency and accountability in the Hospital could not be confirmed.

## **4. Failure to Establish Audit Committee**

During the year under review, the Hospital did not have an audit committee. This was contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which provides that each County Government entity shall establish an audit committee. Lack of audit committee may lead to reduced oversight of financial reporting which may increase risk of errors, misstatements or even fraud in financial records and reports.

In the circumstances, the effectiveness of oversight at the Hospital could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and the Board of Management**

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

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

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

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

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

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

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**

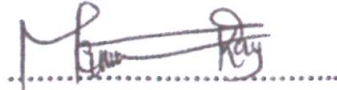
**26 November, 2025**

**Takaba Sub Count Referral Hospital (Mandera 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 June 2025**

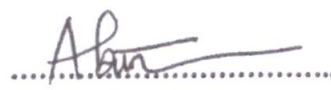
Description	Note	2024-2025	2023-2024
		FY Kshs	FY Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	19,316,865	8,580,000
Transfer from other government entities		0	3,337,393
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	7	17,109,813	0.00
<b>Total revenue</b>		<b>36,426,678</b>	<b>11,932,777</b>
<b>Expenses</b>			
Medical/Clinical costs	8	20,521,300	2,655,000
Employee costs	9	4,049,000	2,561,800
Board of Management Expenses	10	1,887,800	403,400
Repairs and maintenance	11	3,300,000	2,068,000
General expenses	12	6,495,900	4,205,630
<b>Total expenses</b>		<b>36,254,000</b>	<b>11,893,830</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>172,678</b>	<b>38,947</b>

The Hospital's financial statements were approved by the Board on 25-08-2025 and signed on its behalf by:



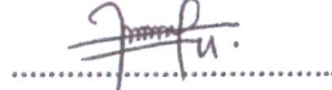
**Chairman**

**Board of Management**



**Head of Finance**

**ICPAK No: 29352**

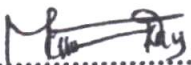



**Medical Superintendent**

**Takaba Sub Count Referral Hospital (Mandera 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	2024-2025	2023-2024
		FY Kshs	FY Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	3,838	38,947
Receivables from exchange transactions	14	3,148,424	0
<b>Total Current Assets</b>		<b>3,152,262</b>	<b>38,947</b>
<b>Non-current assets</b>			
Property, plant, and equipment		0	0
<b>Total Non-current Assets</b>		<b>0</b>	<b>0</b>
<b>Total assets (A)</b>		<b>3,152,262</b>	<b>38,947</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade Payables	15	2,940,637	0
<b>Total Current Liabilities</b>		<b>2,940,637</b>	<b>0</b>
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>2,940,637</b>	<b>0</b>
<b>Net assets (A-B)</b>		<b>211,625</b>	<b>0</b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		211,625	38,947
<b>Net Assets</b>		<b>211,625</b>	<b>38,947</b>


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

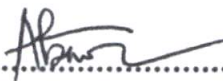
  
 .....  
**Head of Finance**  
**ICPAK No: 29352**

  
 .....  
**Medical Superintendent**

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

Description	Accumulated surplus/Deficit	Total
As at July 1, 2023	15,384	15,384
Surplus/(deficit) for the year	23,563	23,563
As at June 30, 2024	38,947	38,947
At July 1, 2024	38,947	38,947
Surplus/(deficit) for the year	172,678	172,678
At June 30, 2025	211,625	211,625

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

  
 .....  
**Head of Finance**  
**ICPAK No: 29352**

  
 .....  
**Medical Superintendent**

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

Description	Note	2024-2025	2023-2024
		FY Kshs	FY Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	4,316,865	8,580,000
Transfers from other Government entities		0	3,337,393
Rendering of services- Medical Service Income	7	13,961,388	0
<b>Total Receipts</b>		<b>18,278,253</b>	<b>11,917,393</b>
<b>Payments</b>			
Medical/Clinical costs	8	5,138,000	2,655,000
Employee costs	9	3,452,400	2,561,800
Board of Management Expenses	10	1,737,800	403,400
Repairs and maintenance	11	3,300,000	2,068,000
General expenses	12	4,685,162	4,205,630
<b>Total Payments</b>		<b>18,313,362</b>	<b>11,893,830</b>
<b>Net cash flows from operating activities</b>		<b>(35,109)</b>	<b>23,563</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(35,109)</b>	<b>23,563</b>
Cash and cash equivalents as at 1 July		38,947	15,384
<b>Cash and cash equivalents as at 30 June</b>		<b>3,838</b>	<b>38,947</b>

Note 1: The variance of Kshs. 3,152,262 between the revenue reported under Cash Flows and the value reported under the Statement of financial performance is capture under note14 Trade Receivables

Note 2: The variance of Kshs. 2,940,637 between the cash flow expenditure balance and that under Statement of financial performance has been captured under note 15 Trade payables

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of original budget
	<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		38,947	38,947	38,947	0	100%
<b>Receipts</b>						
Transfers from the County Government	5,000,000	0	5,000,000	4,316,865	(683,135)	86%
Rendering of services- Medical Service Income	16,253,000	0	16,253,000	13,961,388	(2,291,612)	86%
<b>Total receipts</b>	<b>21,253,000</b>	<b>38,947</b>	<b>21,291,947</b>	<b>18,317,200</b>	<b>(2,974,747)</b>	<b>86%</b>
<b>Payments</b>						
Medical/Clinical costs	5,520,300	0	5,520,300	5,138,000	(382,300)	93%
Employee costs	4,049,400	0	4,049,400	3,452,400	(597,000)	85%
Repairs and maintenance	1,887,800	0	1,887,800	1,737,800	(150,000)	92%
Board Management Expenses	3,300,000	0	3,300,000	3,300,000	0	100%
General expenses	6,495,500	38,947	6,534,447	4,685,162	(1,849,285)	72%
<b>Total Operational Expenditure paid</b>	<b>21,253,000</b>	<b>38,947</b>	<b>21,291,947</b>	<b>18,313,362</b>	<b>(2,978,585)</b>	<b>86%</b>
<b>Capital Expenditure paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,838</b>	<b>0</b>	<b>0</b>

**Budget Reconciliation**

Actual Surplus Amounts as per the statement of Budget	3,838
Closing Cash and Cash Equivalent as per the statement of Cash flows	3,838

**19. Notes to the Financial Statements**

**1. General Information**

Takaba sub county Hospital entity is established by and derives its authority and accountability from ministry of health Act. The entity is wholly owned by the Mandera County Government and is domiciled in Mandera County in Kenya. The entity's principal activity is provision of medical services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the country. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

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

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

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

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Standard	Effective date and impact
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**iii) Early adoption of standards**

Takaba Sub County Referral Hospital did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**b. Budget information**

The original budget for FY 2024-2025 was approved by Board on management. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Hospital recorded additional appropriations on the FY 2024-2025 budget following the Board's approval. The hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial

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statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**f. Cash and cash equivalents**

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

**g. Comparative figures**

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

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**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
<b>Unconditional grants</b>		
Operational grant - A.I.E Mandera County Government	4,316,865	8,580,000
In Kind contribution -KEMSA Drugs	15,000,000	
	<b>19,316,865</b>	<b>8,580,000</b>

**6.b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized in Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	Kshs	Kshs	Kshs	Kshs	Kshs
Mandera County Government	4,316,865	0.00	3,837.99	4,316,865	3,337,393
In Kind contribution - KEMSA Drugs	15,000,000	0.00	0.00	15,000,000	0.00
<b>Total</b>	<b>19,316,865</b>	<b>0.00</b>	<b>3,837.99</b>	<b>19,316,865</b>	<b>3,337,393</b>

**Takaba Sub County Referral Hospital (Mandera County Government)**  
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**Notes to Financial Statements Continued**

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

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Transfers from National Government (SHA)	14,682,320	3,337,393
Medical service income	2,427,493	0
<b>Total revenue from the rendering of services</b>	<b>17,109,813</b>	<b>3,337,393</b>

**8. Medical/ Clinical Costs**

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Laboratory chemicals and reagents	605,000	134,000
Medical Drugs	15,000,000	
Public health activities	342,000	0
Food and Ration	2,723,300	1,571,000
Dressing and non-pharmaceuticals	793,000	0
Pharmaceutical supplies	333,000	60,000
Sanitary and cleansing Materials	725,000	890,000
<b>Total medical/ clinical costs</b>	<b>20,521,300</b>	<b>2,655,000</b>

**Notes to Financial Statements Continued**

**9. Employee Costs**

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Salaries, wages, and allowances	3,478,000	2,538,000
Staff Motivation Allowance	410,000	0
Staff medical expenses and Insurance cover	161,000	23,800
<b>Employee costs</b>	<b>4,049,000</b>	<b>2,561,800</b>

**10. Board of Management Expenses**

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Sitting allowance	958,000	0.00
Travel and accommodation allowance	779,800	268,400
Airtime allowances	150,000	135,000
<b>Total</b>	<b>1,887,800</b>	<b>403,400</b>

**11. Repairs And Maintenance**

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Property- Buildings	1,835,000	1,875,000
Medical equipment	365,000	63,000
Furniture and fittings	800,000	80,000
Maintenance of civil works	300,000	50,000
<b>Total repairs and maintenance</b>	<b>3,300,000</b>	<b>2,068,000</b>

**Takaba Sub County Referral Hospital (Mandera County Government)**  
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**Notes to Financial Statements Continued**

**12. General Expenses**

Description	2024	2025
Catering expenses	353,000	0.00
Bank charges	49,500	11,630
Firewood	158,000	100,000
Electricity expenses	1,600,000	1,800,000
Fuel and Lubricants	1,150,000	725,000
Courier and postal services	40,000	0
Printing and stationery	2,105,000	1,469,000
Water and sewerage costs	925,000	100,000
Internet expenses	115,400	0.00
<b>Total General Expenses</b>	<b>6,495,900</b>	<b>4,205,630</b>

**13. Cash And Cash Equivalents**

Description	2024	2025
Current accounts	3,838	38,947
<b>Total cash and cash equivalents</b>	<b>3,838</b>	<b>38,947</b>

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

Description		2024-2025	2023-2024
Financial institution	Account number	Kshs	Kshs
<b>a) Current account</b>			
Equity Bank	1000266572471	3,838	38,947
<b>Sub- total</b>		<b>3,838</b>	<b>38,947</b>
<b>Grand total</b>		<b>3,838</b>	<b>38,947</b>

**14. Trade and Receivables**

Description	2024-2025	2023-2024
	Kshs	KShs
Trade Receivables	3,148,424	0
<b>Total Trade and other Receivables</b>	<b>3,148,424</b>	<b>0</b>

**15. Trade and Other Payables**

Description	2024-2025	2023-2024
	Kshs	KShs
Trade Payables	2,940,637	0
<b>Total Trade and other Payables</b>	<b>2,940,637</b>	<b>0</b>

**16. Cash Generated from Operations**

Description	2024-2025	2023-2024
	Kshs	KShs
Surplus for the year	172,678	38,947
Prior Year Adjustment		
<b>Working Capital adjustments</b>		
Increase in Receivables	(3,148,425)	
Increase in payables	2,940,637	(15,384)
<b>Net cash flow from operating activities</b>	<b>35,110</b>	<b>23,563</b>

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

**17. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount KShs	Fully performed KShs	Past due KShs	Impaired KShs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	0	0	0	0
Bank balances	38,947	38,947	0	0
<b>Total</b>	<b>38,947</b>	<b>38,947</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	3,148,424	3,148,424	0	0
Bank balances	3,838	3,838	0	0
<b>Total</b>	<b>3,152,262</b>	<b>3,152,262</b>	<b>0</b>	<b>0</b>

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	KSh	KSh	KSh	KSh
<b>At 30 June 2024</b>				
Trade payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2025</b>				
Trade payables	2,940,637	0	0	2,940,637
<b>Total</b>	<b>2,940,637</b>	<b>0</b>	<b>0</b>	<b>2,940,637</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Takaba Sub County Referral Hospital (Mandera County Government)**  
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**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0.00 (2025: KShs 0.00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0.00(2025 – KShs 0.00).

**iv) Capital Risk Management**

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

Description	2024/2025	2023/2024
Retained earnings	211,626	38,947
<b>Total funds</b>	<b>211,626</b>	<b>38,947</b>
Total borrowings	0	0
Less: cash and bank balances	(3,838)	38,94
Net debt/ (excess cash and cash equivalents)	(3,838)	38,94
<b>Gearing</b>	<b>100%</b>	<b>100%</b>

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

**19. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	2024/2025	2023/2024
	Ksh	Ksh
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from County Government	19,316,865	8,580,000
<b>Total</b>	<b>19,316,865</b>	<b>8,580,000</b>

**v) Events after the Reporting Period**

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

**vi) Ultimate and Holding Entity**

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Medical Services. Its ultimate parent is the County Government of Mandera.

**vii) Currency**

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

**Takaba Sub County Referral Hospital (Mandera County Government)**  
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**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. in the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Non-disclosure of revenue from rendering of services	Some functions have not been fully devolved to the hospital the bill is currently been discussed at the county assembly regarding the use of revenue collected at the source.	Not Resolved	15 <sup>th</sup> February 2026
	Lack of approved staff Establishment and scheme of service	An approved staff establishment and scheme of service are in place and are managed by Mandera county public service management which is the employing entity	Not Resolved	15 <sup>th</sup> February 2026
	Lack of Hospital Board	The process of establishing the board of management is currently underway. This endeavor necessitates much attention to detail as it involves the development of comprehensive policies and the establishment of a robust legal framework. The creation of such a governing body	Resolved	Board members Gazetted on 10 <sup>th</sup> January 2025 via Notice No. 1115
	Deficiencies in implementation of universal health coverage (UHC)	The issue stems from the town's geographical location, which poses difficulties in both attracting and maintaining specialized medical practitioners. Budget constraints present a significant hurdle.	Not resolved	15 <sup>th</sup> February 2026

**Takaba Sub County Referral Hospital (Mandera County Government)**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Failure to prepare Estimates of Income and Expenditure	Lack of budget document	Some functions have not been fully devolved to the hospital the bill is currently been discussed at the county assembly regarding the use of revenue collected at the source.	Not resolved 15 <sup>th</sup> February 2026
	Irregular engagement of casual employees	Causal workers with no contract	An approved staff establishment and scheme of service are in place and are managed by Mandera county public service management which is the employing entity	Not resolved 15 <sup>th</sup> February 2026
	Lack of risk management and disaster recovery plan	Lack of policy documents	The process of establishing the board of management is currently underway. This endeavor necessitates <del>much</del> attention to detail as it involves the development of comprehensive policies and the establishment of a robust legal framework.	Not resolved 15 <sup>th</sup> February 2026

  
 .....  
 Accounting Officer

**Takaba Sub County Hospital (Mandera County Government)**  
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**Appendix II: Inter-Entity Confirmation Letter**  
**Name of Transferring entity: Mandera County Treasury**

**Name of Beneficiary entity: Takaba Sub County Referral Hospital**

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
A0341704/2024/2025/001	10/9/2024	1,700,000	0.00	1,700,000	100%
A0341704/2024/2025/002	11/28/2024	1,100,000	0.00	1,100,000	100%
A0341704/2024/2025/003	12/20/2024	1,516,865	0.00	1,516,865	100%
<b>Total</b>		<b>4,316,865</b>	<b>0.00</b>	<b>4,316,865</b>	<b>100%</b>

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

**Head of Accounts Department - Disbursing Entity:**  
 Name Hassan Abdow Sign [Signature] Date 23/10/25

**Head of Accounts Department - Beneficiary Entity:**  
 Name Dr. Mohamed I. Juma Sign [Signature] Date 23/11/25