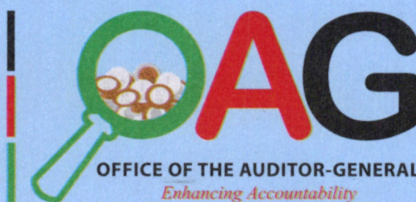
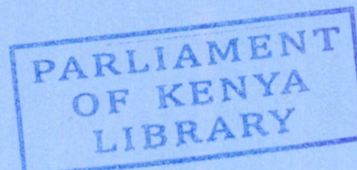


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

MARSABIT COUNTY REFERRAL HOSPITAL

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

COUNTY GOVERNMENT OF MARSABIT

PAPERS LAID	
DATE	4/12/2025
TABLED BY	M.L.
COMMITTEE	—
CLERK AT THE TABLE	Adushman



MARSABIT COUNTY REFERRAL HOSPITAL **(Marsabit County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management Team	vii
5. Health CECM Statement on behalf of Board Chairman.	viii
6. Report of The Chief Executive Officer	ix
7. Statement of Performance Against Predetermined Objectives	xiii
8. Corporate Governance Statement.....	xix
9. Management Discussion and Analysis	xx
10. Environmental And Sustainability Reporting	xxiv
11. Report of The Board of Management	xxvi
12. Statement of Board of Management's Responsibilities	xxvii
13. Report of the Auditor General of Kenya.....	xxviii
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position as at 30 th June 2025.....	3
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	5
17. Statement of Cash Flows for The Year Ended 30 June 2025	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	8
19. Notes to the Financial Statements.....	10
20. Appendices.....	53

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.

2. Key Entity Information and Management

(a) Background information

Marsabit County Referral hospital is situated in Marsabit town Headquarters in Marsabit County in upper eastern region of Kenya, 277 kilometres from Isiolo County on Nairobi, Isiolo –Ethiopia highway. The hospital was started as a dispensary in 1930s and now it's a full-fledged level 5 hospital and has a catchment area of 20,174 people. It serves clients from within and surrounding sub- counties e.g. clients from Laisamis Sub-county, North Horr Sub-county and Moyale Sub-County who prefer to come to the facility for treatment. It is the only referral centre in the County. This facility provides preventive, curative and promotive health services and has a bed capacity of 120 beds and 5 incubators. The hospital has many stakeholders including: NASCOP, Population and Health Integrated Assistance plus (APHIA plus) Eastern, UNICEF, WFP (provision of food supplements to the malnourished clients), and other government

(b) Principal Activities

Vision

An efficient and high-quality health care system that is accessible, equitable and affordable for Marsabit County population

Mission

To promote and participate in the provision of integrated and high quality, promotive, preventive, curative and rehabilitative health care services to all Marsabit County population.

Goal

The goal of the department of health is to attain the highest possible standards of health that are responsive to its needs of the population.

(c) Key Management

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

- County Department of Health
- Health County Executive. This includes the CECM Health and Chief Officer Medical services.
- County Health Management Team-CHMT
- Hospital Management Team -HMT
- Accounting Officer/ Chief Executive officer
- Medical superintendent

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were;

No.		
1.	Chief Executive Officers	Kussu Abduba
2.	Head of finance/ Chief Accountant	Kobia Kithela
3.	Health Administrative Officer	Abdulahi Halake
4.	Head of supply chain	Anthony Kimani
5.	Nursing Officer in-Charge	Sarah Kabale
6.	Laboratory Manager	Yahya Hassan
7.	Dentist	Dr Nurr Jillo Buke
8.	Pharmacy in Charge	Masse Abdi
9.	Health Records and information Officer	Hassan Malicha

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

(e) Fiduciary Oversight Arrangements

Marsabit County Referral Hospital has clear oversight strategy as detailed below.

The Hospital Management team is involved in running day to day activities of the Hospital in terms of service delivery by availing necessary support to the staff of the Hospital. They make sure the necessary resources are availed which include drugs and non-pharms, laboratory reagents and any other essentials required for the running of the Hospital.

The HMT prepares budgets and the budgets are approved by the County Executive and in turn give Authority to Incur Expenditure (AIEs).

The Hospital has established the following committee

- IPC Committee
- Cost Sharing Committee
- Audit committee
- Risk Committee
- Disciplinary Committee
- Other oversight committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

Entity Headquarters
County Health Executive
P.O. Box 5-60500 Marsabit, Town Kenya

(g) Entity Contact

Telephone: (+254) 720841604, (+254) 729515936
(+254) 729168391, (+254) 710403510
E-mail: Marsabithospital@gmail.com,

(h) Entity Bankers

Kenya Commercial Bank, Marsabit 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

County Attorney
P.O. Box. 384- 60500
Marsabit, Kenya

3. The Board of Management

The Hospital has not established Board at the time of preparation of the financial statements. However, Names of nominated members has been forwarded to the County Public services Board.

This was in response to the County attorney advisory.

The Health County Executive plays the oversight roles and gives Authority to Incur Expenditure. This includes;

- CECM- Health
- Chief Officer Medical Services
- Health Directorate
- County Health Management Team- CHMT

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Key Management Team

Ref	Management	Details
1.	Kussu Abduba (Degree in HSM, Diploma in KRCHN) 	Chief Executive Officer
2.	Abdulah Halake (Diploma in Human Resource Management) 	Health Administrative Officer
3.	Kobia Kithela CPA (K), BCom, Finance Option) 	Chief Hospital Accountant
4.	Sarah Kabale (KRPN) 	Nursing Officer In-charge

5. Health CECM Statement on behalf of Board Chairman.

Marsabit County Referral Hospital was operation in the last one financial year 2024-2025.

As a going concern entity, the hospital will continue rendering services to Marsabit County residents and its environs in the long run.

During the period, the Hospital has been able to offer services which are affordable, accessible and acceptable and in line with its Vision and Mission. Its core mandate or mission is to promote and participate in the provision of integrated and high quality, promotive, preventive, curative and rehabilitative health care services to all Marsabit County population.

During the year, there has been decrease in revenue collection. This was attributed to Health care workers industrial action in the 4th quarter of the financial year. The collection reduced by over One (1) million per month during the strike period.

The number of patients who visited the Hospital both Outpatient and Inpatient also reduced due to the strike. In terms of commodity supplies, The Hospital Received In kind contribution from the County Government of Marsabit totaling to Kshs 99,853,030.00

During the Year, Social Health Authority was implemented across the County replacing the Defunct NHIF from November 2024. The Hospital experienced some challenges due to the change, like low SHA claims re-imbursement and also NHIF pending bills, which affected the Hospital service delivery.

Also, a Marsabit KMTC campus was opened. This will help the Hospital to get more Specialists and additional staff to help in capacity building and training of KMTC students. Students are already being attached in the Hospital for learning experience.

The Hospital has a prudent financial management strategy which as seen accountability of the Hospital resources.


Name.....
Date.....
HEALTH
CECM- HEALTH SERVICES.




Date.....

~~Disclosure~~ The Hospital has no existing Board of Directors. The names were forwarded to be gazetted.

The Health County Executive oversees the operationalization of the Hospital

6. Report of The Chief Executive Officer

Marsabit County Referral Hospital is driven by 7 Health pillars:

1) Health service delivery

During the financial year ended, access to service delivery was optimal with patients seeking to our facility across the county. We have only one ambulance which is functional and no utility vehicle.

The hospital as critical committees which includes among others:

- i) IPC committee
- ii) Quality management committee
- iii) Drug and therapeutic committee

We are committed to patient safety and wellbeing in line with our professionalism and integrity.

2) Health workforce

The following is a list of all health workers by cadre.

Staff Establishment

S/NO	CADRE	AVAILABLE
1	CHIEF EXECUTIVE OFFICER	1
2	SURGEON	1
3	ENT	1
4	DOCTORS	10
5	CLINICAL ONCOLOGIST	1
6	GYNAECOLOGIST	1
7	PHARMACIST	2
8	HEALTH ADMINISTRATIVE OFFICER	1
9	HUMAN RESOURCE OFFICER	0
10	NURSES	110
11	UHC NURSES	13
12	ACCOUNTANT	2
13	ACCOUNTANT CLERK	1
14	STORE KEEPER	1
15	DRIVERS	10
16	SUPPORT STAFFS	19
17	HEALTH RECORD AND INFORMATION OFFICERS	7
18	CLINICAL OFFICERS	26
19	LAB TECHNOLOGISTS	17
20	PHARMACEUTICAL TECHNOLOGISTS	7

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

21	RADIOLOGIST	1
22	RADIOGRAPHERS	4
23	NUTRITIONAL OFFICERS	13
24	OCCUPATIONAL THERAPISTS	3
25	PLASTER AND TRAUMA	1
26	PHYSIOTHERAPIST	4
27	MEDICAL ENG.TECHN	4
28	DENTIST	1
29	COHO	4
30	CLERICAL OFFICERS	8
31	CATERESS	1
32	COMMUNITY HEALTH ASSISTANTS[CHA]	15
33	PROCUREMENT OFFICERS	5
34	SOCIAL WORKERS	3
35	MORTUARY ATTENDANT	2
36	PHYSICIAN	1
37	PAEDITRICIAN	1
38	CASUAL SATFF	76
	TOTAL	378

Disclosure:

Cashiers, Revenue clerks, Cooks are employed on temporary basis. The hospital has 16 cashiers/revenue clerks.

CASUALS STAFF

Due to acute shortage of subordinate staff the hospital has 76 casual staff who are paid by the Department of Health services. Also, the Hospital engages Locum Doctors and Nurses due to staff shortage across the County, both skilled and non-skilled casuals.

3) Health products

The Hospital receives drugs from KEMSA through the County Government. Subsequently, we also purchase emergency drugs and some non-pharmaceutical from local supplier. The KEMSA fill rate is approximately 45% of the total orders.

4) Health care financing

The source of revenue for the hospital are:

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

- i) Facility improvement fund
- ii) NHIF/SHA Reimbursements

These funds are managed by the HMT and approved by the Executives (Chief Officer of health services and CECM health).

5) Leadership and management

The Hospital is managed by Hospital Management team (HMT). There is need for all members of this team to undergo senior management courses (SMC)

6) Health management Information System

We have automated all health services in the hospital including cash management. The hospital has area local network and Fiber which helps in efficient communication

7) Infrastructure

The Institution has these key blocks or building.

- i) Mother and child complex
- ii) CT scan Centre
- iii) X-ray
- iv) Wards
- v) Laboratory complex
- vi) Theatre
- vii) Dental
- viii) Oxygen Plant
- ix) Incinerator
- x) Mortuary
- xi) Renal
- xii) ICU

ASSETS 2024-2025

MARSABIT COUNTY REFERRAL HOSPITAL					
				OWNERSHIP	REMARKS
S/NO.	CATEGORY OF ASSET	NO.	STATUS	DOCUMENTS	
1	LAND	15.3 ACRES	OCCUPIED	TITLE DEED	TITTLE DEED NOT PROCESSED

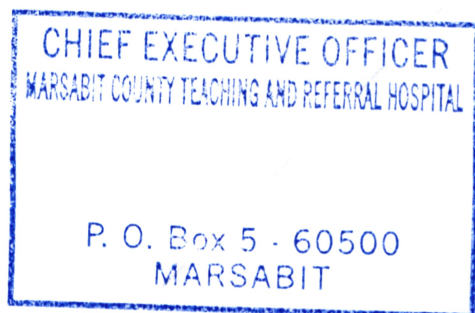
Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

2	STAFF HOUSING	30	OCCUPIED	RECORDS	4 CONDEMNED
3	BUILDINGS	18	OCCUPIED	RECORDS	VARIOUS UNITS, WARD, OFFICES
4	MEDICAL EQUIPMENT	373	SERVICABLE	RECORDS	ASSORTED
5	FURNITURE AND FITTINGS	347	USEABLE	RECORDS	ASSORTED
6	HOSPITAL FURNITURE	277	USEABLE	RECORDS	ASSORTED
7	OFFICE EQUIPMENT	23	USEABLE	RECORDS	ASSORTED
8	ICT EQUIPMENT	60	USEABLE	RECORDS	FUNCTIONAL
9	OXYGEN PLANT	1	NEW	DOANTION	FUNCTIONAL
10	INTANGIBLE ASSETS (MEDBOSS SOFTWARE)	1	USEABLE	RECORDS	UPGRADED

Kusau Abdulla

Name

Chief Executive Officer



7. Statement of Performance Against Predetermined Objectives

The Department of Health has developed this Annual Work Plan (AWP) to guide it through its service delivery activities for the fiscal year 2024-2025. This AWP lays the framework upon which the department of health services will achieve its strategic objectives.

The 2024-2025 AWP was drawn with reference to 2023-2027 CIDP plus other National, Regional and Global agendas. The 2022-23 and part of 2023-24 Annual work plans' performance act as a baseline for the plan. Development of the 2024-2025 AWP is in line with the national Health Sector Strategic & Investment Plan, Marsabit County Health Sector Strategic plan with the logical framework provided by Kenya Health Policy 2014-2030 and Marsabit County CIDP 2023-2027. This AWP focuses on six health sector strategic objectives which include; Elimination of Communicable conditions, reversing burden of non-communicable diseases, reducing burden of violence and injuries, Provision of essential health services, Reduction of exposure to health risks factors and strengthening collaboration with health-related sectors. The plan is also anchored to the 8 investment areas namely; Health service delivery, health care financing, health information systems, health commodities, health infrastructure, health research & development, Human resources for health and leadership & governance. The AWP will guide the health sector in providing an effective, efficient, and quality health care service that responds to the health needs of Marsabit county population thereby contributing to the realization of vision 2030, Africa agenda 2063, Sustainable development goals (SDGs) and Universal health coverage (UHC). The County Government of Marsabit remains at the forefront in ensuring a bottom-up approach in planning of health service delivery.

Population Breakdown and Description

Marsabit County demographic indicators provide critical insights into the composition of the county's population, including the distribution across age groups and specific segments such as children, women of childbearing age, and the elderly. The data underscores the importance of tailored healthcare and social services to address the diverse needs of the population, with a focus on maternal and child health, adolescent health, and support for the elderly.

Table 1. Population in the County

<i>Description</i>	<i>Population Segment Estimates</i>	<i>County Projected Population</i>	<i>County Projected Population</i>
--------------------	-------------------------------------	------------------------------------	------------------------------------

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

			<i>FY X</i>	<i>FY X+1</i>
1	Total population in County		522,383	539203
2	Total Number of Households		38107	39326
3	Children under 1 year (12 months)		16298	16824
4	Children under 5 years (60 months)		77007	79487
5	Under 15-year population		226842	234147
6	Women of child bearing age (15 – 49 Years)		114182	117859
7	Estimated Number of Pregnant Women		17291	17847
8	Estimated Number of Deliveries		16821	17362
9	Estimated Live Births		16821	17362
10	Total number of Adolescent (15-24)		111312	114896
11	Adults (25-59)		156296	161330
12	Elderly (60+)		28076	28980

Table 2: Sub- County population and Utilization

	Sub-County/Sub national level	Population for FY FY X-1	Number of New + Revisits Outpatients (past 12 months) FY X-1	Outpatient Utilization Rate (Number of visits per Person per Year) FY X-1
	(A)	(B)	(C)	(D)= C/B
1	SAKU SUBCOUNTY	90713	140780	1.6
2	LAISAMIS SUBCOUNTY	115994	57540	0.5
3	NORTHHORR SUBCOUNTY	143508	56831	0.4
4	MOYALE SUBCOUNTY	172168	169570	0.9
5				
6				
7				
8				
9				
10				
	County	522383	424721	0.8

These health challenges require a comprehensive approach, including improving healthcare infrastructure, promoting hygiene education, enhancing water and sanitation facilities, and implementing preventive measures such as vaccinations and deworming programs. Additionally, community engagement and collaboration with healthcare providers are crucial for the success of health interventions in Marsabit County.

Table 3: Under 5 Years top Ten Commonest Outpatient Health Conditions

	Condition (In order of priority relevance to the county)	Occurrence (Quantitative or Proportion of total cases)
1	Upper Respiratory Tract Infection	35.4

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

2	Diarrhea	13.2
3	Suspected Malaria	6.8
4	Pneumonia	6.8
5	Tonsillitis	4.8
6	Diseases of the skin	4.2
7	Eye Infections	3
8	Intestinal Worms	2.6
9	Urinary Tract Infection	2.2
10	Ear Infection	2.1

Table 4: Health Service Delivery and Quality

	Intervention	Level I	Level II	Level III	Level IV/V	Sub-County Level	County level target for FY X-1	County level target for FY X+1
1	1. Number of target primary care networks		75	31	7	4	4	8
	2. Number of functional primary care networks (PCNs)		75	31	7	4	2	4
	3. No of community units linked to PCN		75	31	3	3	3	3
	4. No of people referred from community unit to health facility							
	5. % of clients referred from the community unit reaching the facility							0
	6. No of outreaches held from facility to community		0	0	0	0	0	0
	7. Number of facilities conducting at least one outreaches a month from facility to the community		0	0	0	0	0	0
	8. No of Community dialogue days held	537					600	615
	9. No. of counties implementing National Action Plan for Health Security						0	
	10. Health Emergency Operations Centre (EOCs) in the country						1	1
	11. Operational Ambulance command center						0	1
	12. No of facilities inspected at least once in two years by the independent regulatory authority for quality standards		8	4	1	13	13	

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Intervention	Level I	Level II	Level III	Level IV/V	Sub-County Level	County level target for FY X-1	County level target for FY X+1
13.	No of existing laboratories accredited		0	0	2	2	2	1
14.	Proportion of hospitals with functional facility quality improvement team (QIT)				4	4	4	2
15.	Number of clinical audit meetings		0	0	0	0	0	0
16.	No of Maternal Mortality meetings to be held in the next 12 months		0	0	0	0	0	0
17.	Number of outbreaks investigated within 48 hours	0	0	0	0	0	6	6

Table 5: Health workforce Indicators and Targets

Indicator	Achievement FY 203-24	Target FY 204-25
Core Health Worker density per 10,000 Population (Nurses, Doctors, RCOs)	48	55
Number of Doctors per population ratio (per 10,000 population)	1	2
Number of Nurses per population ratio (per 10,000 population)	15	10
Overall technical staff density (number per 10,000 population)	53	60
Density of community health volunteers (per 5 000 population)	3	1:150
Number of CHVs in the country	908	954
Number of Health workers trained on Health Management system	0	20
Staff attrition rate (%)	3	3

Table 6: Health Workforce Distribution baselines and Targets

	Staff cadres	Numbers of HCWs FY 2023-2024		Number Required		Gap/Surplus X+1	
		Total Available level (1- 3) Primary care health facilities	Total Available level 4+ and above facilities	Primary level	Level 4 +	Primary level	Level 4 +
1	Consultants	0	11	0	20	0	9
2	Medical officers	1	40	0	52	0	12
3	Dentists	0	1	0	8	0	7
4	Dental Technologists	0	6	0	12	0	6
5	Public Health Officers	98	8	120	12	22	4
6	Pharmacists	2	2	4	4	2	2
7	Pharm. Technologist	0	26	22	26	22	14
8	Lab. Technologist	14	71	44	100	30	56

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Staff cadres	Numbers of HCWs FY 2023-2024		Number Required		Gap/Surplus X+1	
		Total Available level (1- 3) Primary care health facilities	Total Available level 4+ and above facilities	Primary level	Level 4 +	Primary level	Level 4 +
9	Orthopedic technologists	0	1	0	8	0	7
10	Nutritionists	88	16	120	24	32	8
11	Radiographers	0	12	0	24	0	12
12	Physiotherapists	0	8	0	16	0	8
13	Occupational Therapists	0	6	0	12	0	6
14	Plaster Technicians	0	1	0	8	0	7
15	Health Records & Information Officers	8	24	16	24	8	0
16	Medical engineering technologist	0	8	0	12	0	4
17	Medical engineering technicians	0	2	8	4	8	2
18	Mortuary Attendants	0	3	0	6	0	3
19	Drivers	21	24	21	24	0	0
20	Accountants	6	4	6	4	0	
21	Administrators	0	3	4	4	4	1
22	Clinical Officers (specialists)	5	11	5	32	0	21
23	Clinical Officers (general)	17	51	34	76	17	19
24	Nursing staff (KRCHNs)	198	152	240	210	42	58
25	Nursing staff (KECHN)	16	11	18	17	2	6
26	Laboratory technicians	14	66	18	100	4	34
27	Community Oral Health Officers	0	6	8	22		
28	Secretarial staff/ Clerks	10	14	10	20	0	6
29	Attendants / Nurse Aids	0	0	0	0	0	0
30	Cooks	0	12	4	16	4	4
31	Cleaners	168	86	168	96	0	10
32	Security	98	28	98	42	0	14
33	Community Health Extension Workers (PHT's, social workers, etc)	201	52	201	52	0	0

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Staff cadres	Numbers of HCWs FY 2023-2024		Number Required		Gap/Surplus X+1	
		Total Available level (1- 3) Primary care health facilities	Total Available level 4+ and above facilities	Primary level	Level 4 +	Primary level	Level 4 +
34	Community Health Workers	0	0	0	0	0	0
35	Casual workers/staff	0	0	0	0	0	0
36	Other (theater technologists	0	3	0	0	0	0

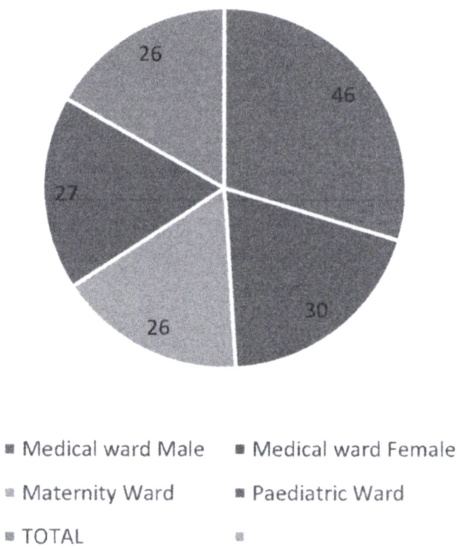
8. Corporate Governance Statement

The Hospital has no established Board in place. Plan are underway to gazette the Board members. Already Names have been forward by CECM Health to the H.E the Governor.

9. Management Discussion and Analysis
Clinical Operations

periodic	period name	period code	Medical ward Female	Medical ward Male	Maternity Ward	Pediatric Ward	IP - Available beds
2025Q1	January - March 2025	2025Q1	1156	1762	2682	122832	122
2025Q2	April - June 2025	2025Q2	898	1313	2132	151754	151
2024Q3	July - Aug 2024	2024Q3	1045	1958	2657	132072	132
2024Q4	Oct - Dec 2024	2024Q4	505	863	2287	122141	122
periodic	IP - Patient bed days	IP - Transfers in	IP - Transfers out	IP - Absconders	IP - Admissions	IP - Deaths	IP - Discharges
2025Q1	4622	46	21	4	717	635521	635
2025Q2	929	40	11	3	706	602222	602
2024Q3	3189	48	9	4	750	700015	700
2024Q4	2505	17			436	463369	463

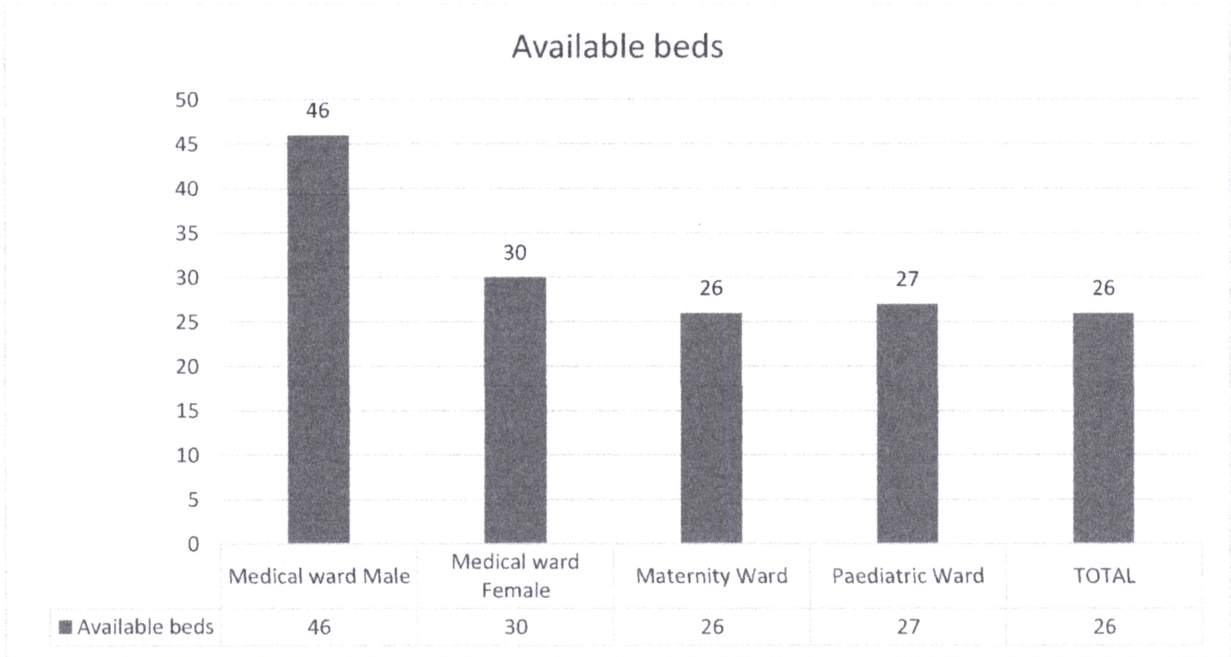
Available beds



Available beds	
Medical ward Male	46
Medical ward Female	30
Maternity Ward	26
paediatric Ward	27

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

TOTAL 155



Hospital Administrative Statistics										
	BEDS	ADM	DISC	TI	TO	DEATHS	ABSC	OBD	% OCC	ALOS
Medical ward Male	31	136	98	27	12	13	0	1392	46	8
Medical ward Female	33	126	114	4	6	7	0	798	30	7
Maternity Ward	42	234	349	20	1	1	1	1810	26	4
pediatric Ward	16	86	67	5	2	1	8	622	27	5
TOTAL	122	582	628	56	21	22	9	3824	26	5
	% OCC									
Medical ward Male	46									
Medical ward Female	30									
Maternity Ward	26									
pediatric Ward	27									
TOTAL	26									

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Financial performance that includes: -

NHIF /SHA- Expenditure	
Description/ Item code	Amount
non-pharms	12,045,500
emergency drugs	4,192,965
other gases	875,000
water and sewerage	1,460,000
fuel and lubricants	970,000
Theatre drugs	630,000
laboratory reagents/services	2,986,500
maintenance of buildings	1,075,000
theatre lunches	650,000
sanitary and cleaning	1,570,000
Stationary	1,240,000
catering/CME	1,798,000
X-ray supplies	1,226,000
dental supplies	300,000
Contingency	3,312,896
security services	1,609,000
cleaning services	1,910,000
renal patient food	3,101,000
casual wages	5,224,000
patients' files	320,000.
purchase/maintenance of med equip	420,000
computer accessories/software	500,000
renal reagents	350,000
Totals	47,765,861

FIF-Expenditure

Description/ Item code	Amount
non-pharms	1,063,000
emergency drugs	975,000
other gases	486,000
water and sewerage	200,000
laboratory reagents	352,000
maintenance of buildings	361,000

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Catering	50,000
dental supplies	50,000
contingency	904,000
casual wages	600,500
TOTAL	5,041,500

The number of Nhif/SHA Claims in the FS of Kshs 79,828,592, is after end of year adjustments.
The total revenue collected from Medboss system was Kshs 8,255,949 and is reported in the financial statements. The figures are reported in accrual basis after end of period adjustments.
In kind contributions from county Government was Kshs 99,853,030
This includes Kemsas drugs, food and rations, laboratory reagents, utility bills and wages.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The Hospital main mandate is to offer curative, preventive and rehabilitative health care services to Marsabit county residents and its environs. The institution is a going concern entity with hope of providing services in the long run.

To sustain the operations of the hospital, AWP's have been developed based on the seven key Health pillars which are geared to providing health care services to our clients.

Availability of resources is limited but strategies have been put in place to avail emergency medical care and making sure the all operations of the hospital are carried on daily basis.

Environmental performance

The Institution has in place Infection Prevention Committee which is involved in infection control and waste dispose management. The Institution is situated in a clean environment and we have been involved in tree planting, beautification of the environment by planting flowers in the hospital compound.

Clean water has been availed to the Hospital staff quarters and this has improved hygiene among the staff. The waste disposal is essential. The Hospital has an Incinerator which burns all medical waste products. The existence of a placenta pit helps in disposal of placentas and this helps to prevent infections

ii) Employee welfare

The Hospital is not an employer. The county Government is involved in Employees. However, the Hospital engages staff on casual basis due to shortages being experienced at the County level

We are also in the process of establishing a staff welfare to deal with family issues effecting the staff.

iii) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The Institution being a non-profit making Organization, is not in competition. The core mandate of the Hospital is to provide affordable, accessible and acceptable health care services to the clients

b) Responsible Supply chain and supplier relations

The Hospital is a Procurement entity. The Institution has suppliers who supply the necessary goods and services for the smooth running of its activities.

We have maintained a good relationship with our suppliers by prompt payments, and honouring credit agreements.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The Hospital is non-profit making Organization hence marketing and advertisement is not the applicable

d) Product stewardship or Awareness Creation

Health care is the backbone of life. Without Health care services many deceases could cause many fatalities. The Hospital is geared in providing affordable, accessible and acceptable health care services to the clients. Availability of essential drugs is necessary so that no patient misses treatment. Also other medical services like laboratory services, radiology services, dental and theatre are very vital in health care provision.

iv) Corporate Social Responsibility / Community Engagements

The Hospital did not carry any CSR activity during the year due to budget constraints

However, we participated in celebrating Health World days as below.

- World Blood donor day
- World Kidney Day
- World Aids Day for people leaving with HIV

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the *hospital's* affairs.

Disclaimer: The hospital has no Board. Plans are underway to establish the Board.

Principal activities

The principal activities of the entity are:

- 1) Provision of health care services
- 2) Staff welfare
- 3) Infection Prevention Control (IPC)
- 4) Customer centric
- 5) Social Responsibility activities
- 6) Prudent Financial Management
- 7) Integrity and Accountability

Results

The results of the entity for the year ended June 30th 2025 are set out on pages 1 to pages 63 of this document.

Board of Management

Since the Hospital has no Board in place, The County Health Executive oversee the operations of the Hospital.

The Executive is responsible for oversight until a Board is established.

Auditors

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

Disclaimer: The Hospital has no Board in place as at the date of signing the financial statements

.....*Kussu Abdulwa JB*.....

Name

Chief Executive Officer



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

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

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

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

Nothing has come to the attention of the Board of management to indicate that the *Marsabit County Referral 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

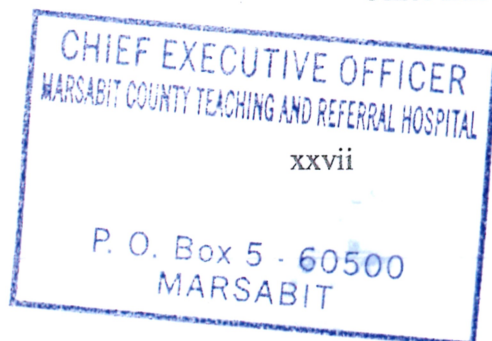
The Hospital's financial statements were approved by County Health Executive on 5/11/2025 and signed on its behalf by:

Malicha Bom

Name:
CECM
Health Services

Kusau Alula

Name:
Chief Executive Officer



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MARSABIT COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MARSABIT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Marsabit County Referral Hospital set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

Report of the Auditor-General on Marsabit County Referral Hospital for the year ended 30 June, 2025 - County Government of Marsabit

net assets, statement of cash flows and the 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 Marsabit 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 Marsabit County Health Services Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Property, Plant and Equipment

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.29,349,700. Included in the balance is nil balances in respect of land, buildings, furniture and fittings, motor vehicles and, plant and medical equipment. However, review of documents maintained and physical inspection carried out on November 2025 revealed that the Hospital was in possession of land, buildings, furniture and fittings, motor vehicles and plant and medical equipment assets, but which were not recognized in the financial statements under property, plant, and equipment.

In the circumstances, the accuracy, valuation and ownership of property, plant and equipment balance of Kshs.29,349,700 could not be confirmed.

2. Undisclosed Depreciation Expense

The statement of financial performance and Note 18 to the financial statements reflects nil balance in respect of depreciation and amortization expense. However, ICT equipment's and oxygen plant with net book values of Kshs.3,036,000 and Kshs.26,313,700 respectively, were not depreciated during the year under review.

In the circumstances, the accuracy and completeness of nil depreciation expense balance could not be confirmed.

3. Long Outstanding Receivables

The statement of financial position and Note 29 to the financial statements reflects receivables from exchange transactions balance of Kshs.24,042,519. Included in the balance is an amount of Kshs.9,933,500 in respect of claims from the defunct National Health Insurance Fund that has remained outstanding for more than two (2) years.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.9,933,500 could not be confirmed.

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

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 Audit Matters

The following issues raised on Marsabit County Referral Hospital in the previous year audit report remain unresolved. The matters include;

1. Unaccounted Laboratory Chemical Reagents and Radiology Supplies
2. Undisclosed Property, Plant and Equipment
3. Failure to Conduct Annual Stock Taking
4. Inadequacies in Universal Health Care as Per Kenya Quality Model for Health
5. Casuals Engaged for More Than Three Months Continuously
6. Failure to Establish Hospital's Board of Management
7. Failure to Develop Risk Management Strategy
8. Weaknesses in Inventory Management
9. Failure to have Internal Audit Arrangements

Other Information

Management is responsible for the Other Information set out on page iii to xxvii, which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Health CECM Statement on Behalf of Board Chairman, Report of the Chief Executive Officer, 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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Casuals Engaged for More than Three Months Continuously

The statement of financial performance and Note 16 to the financial statements reflects employees’ costs balance of Kshs.24,351,392. Included in the balance is Kshs.6,120,000 in respect of expenditure on twenty-six (26) casual workers engaged by the Hospital. However, the casuals’ engagement was not supported with approval by the County Public Service Board, letters of temporary employment and pertinent information such as date of hire, period served, duties performed and qualifications of the casuals was not provided for audit.

In addition, during the year under review, the casuals were engaged for twelve (12) months continuously. This was contrary to Section 37(1)(b) of the Employment Act, 2007 which states that where a casual employee performs work for more than three months, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and Section 35(1)(c) shall apply to that contract of service. This exposes the Hospital to litigation for unlawful terms of employment.

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

2. Non-Compliance with Universal Health Coverage Requirements

As previously reported, verification of services offered, equipment used and number of members of staff at the Hospital revealed that, the Hospital operated with inadequate staff and equipment as detailed below:

Personnel	Level 4 Hospital Requirements	Available	Shortfall
Medical Officers	16	8	8
Anesthesiologists	2	0	2
Gynecologists	2	1	1
Pediatrics	2	1	1
Radiologists	2	1	1

Personnel	Level 4 Hospital Requirements	Available	Shortfall
Pharmacist	4	2	2
Equipment			
Functional ICU Beds	6	1	5
Functional HDU Beds	6	5	1
Functional theatres - Maternity, general, orthopedic, pediatrics, ENT, dental and ophthalmology	7	2	5
Maternity department ward for six delivery coaches	6	4	2
New Born Unit with five (5) HDU cots	5	3	2

In the circumstances, service delivery may have been affected due to failure to meet the requirements of Kenya Quality Model for Health Policy Guidelines.

3. Failure to Establish the County Referral Hospital's Board of Management

As previously reported, review of the annual report and financial statements revealed that the Hospital's Board of Management had not been established. This is contrary to Section 5 of the Marsabit County Health Services Act, 2016 which provides for the establishment and composition of County Referral Hospital Management Board which is to be constituted and gazetted by the County Executive Member for Health in consultation with the Governor and other stakeholders.

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

4. Non-Compliance with Data Protection Requirements

Audit review established that the Hospital had not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller and data processor, despite actively collecting, processing, and storing personal data of staff, service providers and patients during the year under review. This is contrary to Section 18(1) of the Data Protection Act, 2019 requires that data controllers and data processors who process personal data must register with the Office of the Data Protection Commissioner (ODPC).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Audit Committee

During the year under review the Hospital operated without an Audit Committee, contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that subject to paragraph (2) of this regulation, each County Government entity shall establish an Audit Committee.

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

2. Failure to Tag Assets

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.29,349,700. Included in the balance is Kshs.3,036,000 in respect of ICT equipment's. However, audit inspection carried out in the month of October, 2025 of sampled computers revealed that the assets were not tagged. This was contrary to Regulation 132(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that processes and procedures both electronic and manual are in place for the effective, efficient, economical and transparent use of the County Government entity's assets.

In the circumstances, the existence and safe custody of the fixed assets could not be confirmed.

3. Lack of Risk Management Policy

As previously reported, Management did not provide evidence of the existence of a Risk Management Policy to guide its Management on risk management assessment and formulation of risk mitigation strategies in the year under review. This is contrary to the Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the circumstances, the effectiveness of the internal controls on the financial and operational system could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

Report of the Auditor-General on Marsabit County Referral Hospital for the year ended 30 June, 2025 - County Government of Marsabit

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

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	99,853,030	64,968,443
Grants from donors and development partners	8		
Transfers from other Government Entities	9		
Revenue from non-exchange transactions		99,853,030	64,968,443
Revenue from exchange transactions			
Rendering medical services (NHIF/SHA)	10	79,828,592	81,364,553
Rendering medical services (FIF)	11	8,255,949	12,274,030
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14		
Revenue from exchange transactions		88,084,541	93,638,583
Total revenue		187,937,571	158,607,026
Expenses			
Medical/Clinical costs	15	114,144,370	92,229,439
Employee costs	16	24,351,392	6,507,810
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	6,189,555	4,681,388
Grants and subsidies	20	3,000,000	
General expenses	21	45,884,347	47,869,443
Finance costs	22		
Total expenses		193,569,664	151,288,080
Other gains/(losses)		(5,632,093)	7,318,946
Gain/Loss on disposal of non-Current assets	23		

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		(5,632,093)	7,318,946

The Hospital’s financial statements were approved by the Board on 5/11/2025 and signed on its behalf by:



CECM
Health Services



Chief Accountant
ICPAK No: 22906



Chief Executive Officer



Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

15. Statement of Financial Position as at 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,173,442	6,805,534
Prepayments	28		
Receivables from exchange transactions	29	24,042,519	14,129,569
Receivables from non-exchange transactions	30		
Inventories	31	6,851,691	3,805,234
Total Current Assets		32,067,651	24,740,338
Non-current assets			
Property, plant, and equipment	32	29,349,700	
Intangible assets	33	2,500,000	
Investment property	34		
Biological Assets	35		
Total Non-current Assets		31,849,700	
Total assets (A)		63,917,351	24,740,338
Liabilities			
Current liabilities			
Trade and other payables	36	16,213,442	11,622,378
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		
Current portion of borrowings	41		
Total Current Liabilities		16,213,442	11,622,378
Non-current liabilities			
Provisions	38		
Non-Current Finance lease obligation	39		
Non-Current portion of deferred income	40		

Marsabit County Referral Hospital (Marsabit County Government)
 Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Non - Current portion of borrowings	41		
Service concession Arrangements	42		
Total non-current liabilities			
Total Liabilities (B)		16,213,442	11,622,378
Net assets (A-B)		47,703,909	13,117,960
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		(389,366)	5,242,727
Capital Fund		48,093,275	7,875,233
Net Assets		47,703,909	13,117,960

The Hospital’s financial statements were approved by the Board on 5/11/2025 and signed on its behalf by:



CECM
Health Services



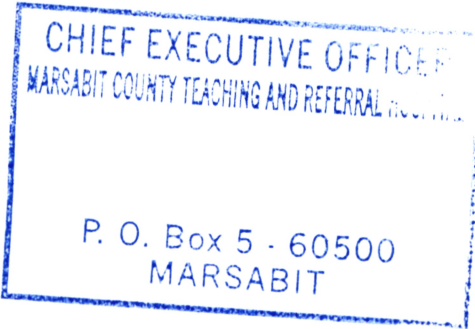
Chief Accountant
ICPAK No: 22906



Chief Executive Officer



CPA KOBIA KITHELA
 CHIEF ACCOUNTANT
 MARSABIT COUNTY REFERRAL HOSPITAL
 Date:.....



Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1,2023(previous year)		(2,076,219)	5,799,014	3,722,795
Revaluation gain				
Surplus/(deficit) for the year		7,318,946		7,318,946
Capital/Development grants			2,076,219	2,076,219
As at June 30, 2024 (previous year)		5,242,727	7,875,233	13,117,959
At July 1, 2024 (current year)		5,242,723	7,875,233	13,117,960
Revaluation gain				
Surplus/(deficit) for the year		(5,632,093)		(5,632,093)
Capital/Development grants			40,218,042	40,218,042
At June 30, 2025(current year)		(389,366)	48,093,275	47,703,909

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			
Grants from donors and development partners			
Transfers from other Government entities			81,364,553
Public contributions and donations			
Rendering of services- Medical Service Income		88,084,541	12,274,030
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)			
Total Receipts		88,084,541	93,638,583
Payments			
Medical/Clinical costs		40,782,636	32,455,961
Employee costs		8,851,400	6,507,810
Board of Management Expenses			
Repairs and maintenance		6,189,555	4,681,388
Grants and subsidies		8,000,000	8,000,000
General expenses		29,893,043	34,674,478
Finance costs			
Refunds paid out			
Total Payments		93,716,634	86,319,637
Net cash flows from operating activities	43	(5,632,093)	7,318,946
Cash flows from investing activities			
Purchase of property, plant, equipment			
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(5,632,093)	7,318,946
Cash and cash equivalents as at 1 July	27	6,805,535	513,411
Cash and cash equivalents as at 30 June	27	1,173,442	6,805,535

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 utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year						
Receipts						
Transfers from the County Government (In kind)	30,564,000		30,564,000	99,853,030	(69,289,030)	326%
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	45,600,000		45,600,000	88,084,541	(42,484,541)	193%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total receipts	76,164,000		76,164,000	187,937,571	(111,773,571)	247%
Payments						
Medical/Clinical costs	40,560,000		40,560,000	114,144,370	(73,584,370)	281%
Employee costs	7,200,000		7,200,000	24,351,392	(17,151,392)	338%
Remuneration of directors						
Repairs and maintenance	2,700,000		2,700,000	6,189,555	(3,489,555)	229%
Grants and subsidies				3,000,000	(3,000,000)	
General expenses	25,704,000		25,704,000	45,884,347	(20,180,347)	179%
Finance costs						
Refunds						
Total Operational Expenditure paid	76,164,000		76,164,000	193,569,664	(117,405,664)	254%
Capital Expenditure paid						
Surplus				(5,632,093)		

Marsabit County Referral Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(5,632,093)
	Cash and cash equivalents as at 1 July	6,805,535
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,173,442

19. Notes to the Financial Statements

1. General Information

Marsabit County Referral Hospital is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Marsabit County Government and is domiciled in Marsabit County in Kenya. The entity's principal activity is to offer high quality health care services that is accessible, equitable and affordable to Marsabit County population and its environs.

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 *entity's* accounting policies. There are no areas involving a higher degree of judgment or complexity, or assumptions and estimates are significant to the financial statements. Financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. 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.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 45- Property	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,

Standard	Effective date and impact:
Plant and Equipment	infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS; - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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. <i>(The Hospital will adopt the standard as where appropriate)</i>

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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. <i>(The Hospital will adopt the standard as where appropriate)</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>(The Hospital will adopt the standard as where appropriate)</i>

iii) Early adoption of standards

The Hospital is not in full compliance of IPSAS but it's gearing to being fully compliant.

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2025 was approved by Health Executive on *12th July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. There were no recorded additional on the FY 2024-2025 budget. The *Marsabit County Referral Hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to 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
Marsabit County Government					
Total					

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	15,499,992	
Medical supplies-Drawings Rights (KEMSA)	4,138,090	6,147,110
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	27,835,350	45,993,839
Laboratory Reagents	7,774,656	2,977,000
Dialysis Reagents	29,201,402	
Food and Rations	4,412,236	4,655,529
Utility bills	10,991,304	5,194,965
Total grants in kind	99,853,030	64,968,443

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to 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
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Total Transfers		

10. Rendering of Services-Medical Service Income (NHIF/SHA)

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
NHIF/SHA Reimbursements	79,828,592	81,364,553
Total Medical Income -NHIF/ SHA	79,828,592	81,364,553

11. Rendering of Services-Medical Service Income (FIF)

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals/ Non-Pharmaceuticals	350,679	840,035
Laboratory	1,588,100	1,88,660
Radiology	1,568,740	2,673,650
Orthopedic and Trauma Technology	50,335	13,050
Theatre	641,790	853,250
Physiotherapy		47,500
Maternity	205,550	
Eye		7,800
Female ward	446,120	
ICU		45,000
Male ward	785,238	
Consultation fees	1,907,610	2,999,070
Inpatient services		1,505,500
Dental services	529,580	673,900
Paediatrics services	25,680	
P3 forms, post mortem, copier services	156,527	
Public Health		237,200
Mortuary		56,200
Others medical services		433,615
Total Medical Income -Revenue from FIF	8,255,949	12,274,030

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

12. Revenue From Rent of Facilities

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Residential property		
Commercial property		
Total Revenue from rent of facilities		

13. Finance /Interest Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

14. Miscellaneous Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
Total Miscellaneous income		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	379,570	502,280
Laboratory chemicals and reagents	11,640,522	4,219,451
Public health activities		
Food and Ration	7,897,676	2,950,000
Food and rations (in kind)		5,332,143
Uniform, clothing, and linen	470,000	
Drugs and Non-Pharmaceuticals	54,083,200	69,430,944
Dialysis supplies/reagents	29,201,402	
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	2,350,690	3,224,110
Purchase of Medical equipment	5,000,000	5,530,000
X-Ray/Radiology supplies	2,730,500	1,040,000
Other medical related clinical costs (Refunds)	390,810	
Total medical/ clinical costs	114,144,370	92,229,439
Adjustments for Cash flows		
Less: In kind on drugs, reagents, food and rations	73,361,734	59,773,478
Totals to cash flows	40,782,636	32,455,961

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	24,351,392	6,507,810
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs (<i>specify</i>)		
Employee costs	24,351,392	6,507,810
Adjustments for Cash flows(wages in kind)	15,499,992	
Totals to cash flows	8,851,400	6,507,810

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total		

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	2,110,807	3,372,388
Medical equipment	3,269,598	830,000
Office equipment		
Furniture and fittings		
Computers and accessories/software	809,150	479,000
Motor vehicle expenses		
Maintenance of civil works		
Total repairs and maintenance	6,189,555	4,681,388

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024-2025 Kshs	FY 2023-2024 Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Transfer to other hospital-Uhc Transfers	3,000,000	
Total grants and subsidies	3,000,000	

21. General Expenses

Description	FY 2024-2025 Kshs	FY 2023-2024 Kshs
Advertising and publicity expenses		
Catering expenses	6,432,470	3,054,406
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	60,316	72,843
Conferences and delegations		
Consultancy fees		
Contracted services	6,408,000	8,757,431
Electricity expenses	13,272,304	5,491,305
Fuel and Lubricants	4,928,812	2,377,139
Insurance		
Research and development expenses		
Travel and accommodation allowance		
Legal expenses		
Licenses and permits		
Courier and postal services		37,000
Printing and stationery	2,325,843	1,805,930
Hire charges		
Rent expenses		
Water and sewerage costs	4,751,160	1,179,000
Skills development levies		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Telephone and mobile phone services	252,590	67,720
Internet expenses		
Staff training and development	103,000	
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Other general expenses	7,349,852	25,026,669
Total General Expenses	45,884,347	47,869,443
Adjustments for Cash flows		
Less: Electricity (in kind)	10,991,304	5,194,965
Less: Transfers to other hospitals	5,000,000	8,000,000
Totals to Cash flows	29,893,043	34,674,478

22. Finance Costs

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs		

23. Gain/Loss on Disposal of Non-Current Assets

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised (<i>specify</i>)		
Total gain on sale of assets		

24. Unrealized Gain on Fair Value Investments

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Investments at fair value		
Total gain		

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions		
Total Gain/Loss		

26. Impairment Loss

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss		

27. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	1,173,442	6,805,535
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	1,173,442	6,805,535

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1102656240	1,091,652	6,798,278
Kenya Commercial bank	1145056148	74,827	143
Kenya Commercial bank	115316007	6,963	6,963
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			151
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		1,173,442.00	6,805,535

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
Total		

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	24,042,519	15,732,250
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	24,042,519	15,732,250

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	14,109,019	58.7%	15,732,250	100%
Between 1- 2 years	9,933,500	41.3%		
Between 2-3 years				
Over 3 years				
Total (a+b)	24,042,519		15,732,250	

30. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total		

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)				

31. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	6,851,691	3,805,234
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	6,851,691	3,805,234

Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	3,805,234	4,855,709
Additional Inventory in the year	116,800,016	98,179,044
Inventory expensed in the year	113,753,559	99,229,519
Write-downs in the year		
Others specify		
Closing balance	6,851,691	3,805,234

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (Oxygen Plant)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)									
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
At 30th Jun 2024									
At 1 July 2024(current year)									
Additions					3,036,000		26,313,700		29,349,700
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
At 30th Jun 2025					3,036,000		26,313,700		29,349,700

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (Oxygen Plant)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation and impairment									
At 1 July 2023(previous year)									
Depreciation for the year									
Disposals									
Impairment									
At 30 June 2024									
At July 2024 (current year)									
Depreciation									
Disposals									
Impairment									
Transfer/adjustment									
At 30th June 2025									
At Cost									
At 30 th Jun 2024 (previous)									
At 30 th Jun 2025(current)					3,036,000		26,313,700		29,349,700

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cost		
At beginning of the year		
Additions	2,500,000	
Additions-Internal development		
Disposal		
At end of the year	2,500,000	
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year (At Cost)	2,500,000	

34. Investment Property

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
At beginning of the year		
Additions		
Disposals during the year		
Fair value gain		
Depreciation (<i>where investment property is at cost</i>)		
Impairment		
At end of the year		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
Total		

36. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	16,213,442		11,622,378	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	16,213,442		11,622,378	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	15,321,342	95%	10,730,278	92%
1-2 years	892,100	5%	892,100	8%
2-3 years				
Over 3 years				
Total	16,213,442	100%	11,622,378	100%

37. Refundable Deposits from Customers/Patients

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (service not available				
Total deposits				
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Under one year				
1-2 years				
2-3 years				
Over 3 years				
Total				

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year				
Additional Provisions				
Provision utilised				
Change due to discount & time value for money				
Total provisions				
Current Provisions				
Non-Current Provisions				
Total Provisions				

39. Finance Lease Obligation

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

40. Deferred Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f				
Additions during the year				
Transfers to Capital fund				
Transfers to statement of financial performance				
Other transfers (<i>Specify</i>)				
Balance C/F				

41. Borrowings

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period		

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	FY 2023-2024	FY 2023-2024
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total		

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2023-2024	FY 2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

43. Cash Generated from Operations

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	-5,632,093	7,318,946
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities	-5,632,093	7,318,946

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	14,129,569	14,129,569		
Receivables from –non-exchange transactions				
Bank balances	6,805,534	6,805,534		
Total	20,935,103	20,935,103		
At 30 June 2025 (current year)				
Receivables from exchange transactions	24,042,519	14,109,019	9,933,500	
Receivables from –non-exchange transactions				
Bank balances	1,249,743	1,249,743		
Total	25,292,262	15,358,762	9,933,500	

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 NHIF. 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 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	2,358,980	8,321,298	942,100	11,622,378
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	2,358,980	8,321,298	942,100	11,622,378
At 30 June 2025				
Trade payables	-	8,985,682	7,227,760	16,213,442
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	-	8,985,682	7,227,760	16,213,442

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 carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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.

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2024(previous year)			
Euro			
USD			
2025(current year)			
Euro			
USD			

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.

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 (2025: KShs). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs (2025 – KShs).

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
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

45. 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.

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to		
Sales of services to		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind from County Government	99,853,030	64,968,443
Total	99,853,030	64,968,443
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		
Payments for goods and services for		
Total		
d) Key management compensation		

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024-2025	2023-2024
	Kshs	Kshs
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court case against the hospital		
Bank guarantees in favour of subsidiary		
Total		

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

The entity is a County Semi- Autonomous, under the Department of Health Services. Its ultimate parent is the County Government of Marsabit.

51. Currency

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

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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.

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.

Referen ce No. on the external audit Repo rt	Issue / Observations from Auditor	Management comments	Status:	Timeframe
Basis for Qualified Opinion				
1.	Unaccoun ted Laborator y chemical reagents and radiology supplies	The management confirms appearing in the Senate Public Finance and Investment Committee on 25 th September 2025. Relevant documents were verified with consultation with OAG and the matter was resolved.	Resolved.	
2.	Undisclosed Property, plant and equipment.	Measures was put in place to correct the anomaly. Asset's valuation is in progress.	Not Resolved.	Work in progress
Emphasis of Matters				
1.	Budgetary control and performance	The management confirms appearing in the Senate Public Finance and Investment Committee on 25 th September 2025. Explanation was given, and relevant documents were verified with consultation with OAG and the matter was resolved.	Resolved	
2.	Prior year un resolved issues	The management confirms appearing before Marsabit County Assembly Public Accounts and Investment Committee on 17 th February 2025 to resolve issues raised by the auditor General for Fy year ended 30 th June 2023.	Resolved	
Report Lawfulness and Effectiveness in use of Public Resources				

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

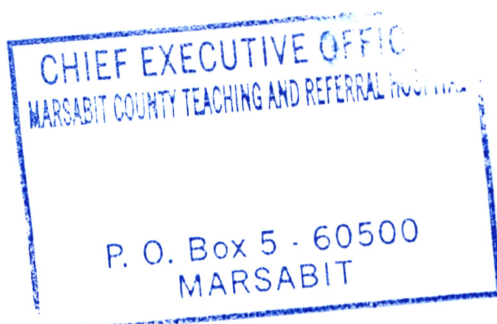
1.	Failure to conduct Annual Stock Taking	The management confirms appearing in the Senate Public Finance and Investment Committee on 25 th September 2025. Relevant documents on annual stock taking for FY 2024-2025 were verified with consultation with OAG and the matter was resolved.	Resolved.	
2.	Inadequacies in Universal Health Care as per Kenya Quality Health Model.	Despite the staff shortages, the Hospital operates optimally. Plans are under way to recruit more staff subject to budget allocation.	Attended Senate on 25 th September 2025, and the issue was not resolved	Work in progress
3.	Casuals engaged for more than 3 months	The management confirms the anomaly. We commit to comply with the labor laws of the Country.	Attended Senate on 25 th September 2025, and the issue was not resolved.	Work in progress
4.	Failure to establish Hospital Board	The County Executive and the Office of the Governor have started the process of establishing Hospital Boards.	Attended Senate on 25 th September 2025, and the issue was not resolved.	Work in progress

Report on Internal Controls, Risk Management and Governance

1.	Failure to develop Risk Management Strategy	The Management Confirms the Document is in draft stage awaiting Board's approval	Attended Senate on 25 th September 2025, and the issue was not resolved.	Work in progress
2.	Weakness in Inventory management	The management confirms that air cooling system has been installed. We also confirm the Hospital used standard Government stock cards which do not have provision for batch numbers.	Attended Senate on 25 th September 2025, and the issue was resolved	
3.	Failure to have Internal audit arrangements	The management has engaged County Treasury for internal audit arrangements. We confirm that Internal audit for FY 2024-2025 was conducted by the County Internal Audit Department.	Attended Senate on 25 th September 2025, and the issue was resolved	



 Accounting Officer



Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Marsabit County Referral Hospital Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

XX Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx

Appendix V: Disaster Expenditure Reporting Template

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