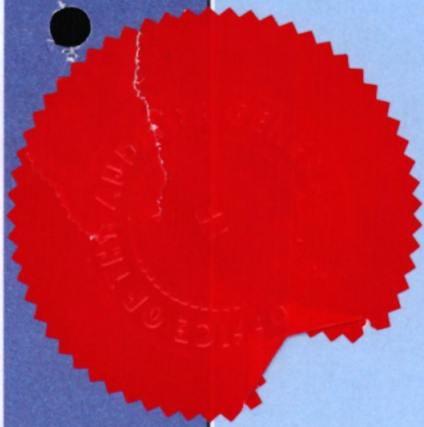
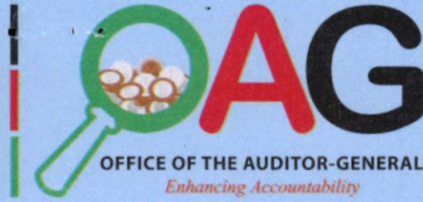


REPUBLIC OF KENYA



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**THE AUDITOR-GENERAL**

**ON**

**CHEBIEMIT LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF ELGEYO  
MARAkwET**



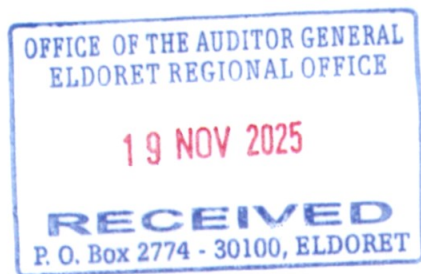
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**CHEBIEMIT LEVEL 4 HOSPITAL  
(Elgeyo Marakwet County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms & Glossary of Terms**

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

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

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

Chebiemit Sub County Hospital is a level four hospital sitting on a 11-ha parcel of land, established around the year 1930. The hospital is domiciled in Elgeyo Marakwet County under the Health and Sanitation Department. The hospital is governed by a Board of Management. The Hospital was gazetted to level 4 in the 2022.

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

The core mandate of the hospital is to provide high quality health care services to the community. The hospital plays its role in the county by providing a wide range of health services in partnership with the greater community and other institutions. Some of the roles played by the hospital in the county include: Serving as a county centre for provision of specialized health care; offering teaching and training for healthcare personnel such as nurses, medical interns, pharmacist interns, pharmaceutical technologist interns, laboratory technologists, health records and information officers and nutritionists; and providing technical support to sub-county hospitals and health centres.

#### **Vision**

To provide quality and efficient specialized services to its clients hence achieving excellence in healthcare for all.

#### **Mission**

Ensuring the community has equitable access to high quality patient centred specialized services that are: Timely, evidence-based, culturally appropriate and efficient; Provided by highly skilled staff who are committed, accountable and valued; and supported by leading edge research, education and technologies.

#### **Core Values**

- Team Work
- Openness
- Respect
- Empowerment

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

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

- County department of health
- Board of Management

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

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- Hospital Management Committee
- Accounting Officer/ Medical Superintendent
- County treasury

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr Nickson Kipkorir
2.	Head of Nursing Services	Dorcus Jebet Kiyeng
3.	Hospital administrator	Mr. Harrison Kibire
4.	Director Medical services	Dr. Isaac Kipyego
5.	Chief Officer Health and Sanitation	Mr. Jeremiah Chirchir
6.	Director Accounting Services	Mr. JohnkeenMurkeu
7.	Chief Officer Finance and Economic Planning	Mr. Peter Chesos

**(e) Fiduciary Oversight Arrangements**

- I. Board of Management
- II. County Audit Committee
- III. County Assembly Department Committee on Health
- IV. Parliamentary committees
- V. Other oversight committees

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

**(f) Entity Headquarters**

Chebiemit Sub county Hospital,  
 Located at: Marakwet West, Chebiemit,  
 P.O. Box 3-30706, Iten, Kenya

**(g) Entity Contacts**

Telephone: (+254) 727510409  
 E-mail: Chebiemithospital@gmail.com

**(h) Entity Bankers**

Kenya Commercial Bank Limited, Iten Branch,  
P. O. Box 30081 - 00100,  
Nairobi, Kenya.

Equity Bank Limited, Iten Branch,  
P.O. Box 75104 – 00200,  
Nairobi, Kenya.

**(i) County Attorney**

P.O. Box.332 – 30700,  
Iten, Kenya






**(j) Independent Auditors**

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







**(k) Principal Legal Adviser**

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

**3. The Board of Managemet**

Ref	Directors	Details
1.	 Mr Chris Kiptala - Chairperson	Mr Chris Kiptala. Currently serving as a senior accountant at the county Government of Baringo. He is 65 years of age and Director. He holds a SMC & SLDP from Kenya school of Government
2.	 Joseph Kimutai Ego - treasurer	Joseph Kimutai Ego 1962 He is a retired Head Teacher with a diploma in education He has served in several school boards as well as the ward development committee
3.	 Dr Nickson Kipkorir - Secretary	Dr Nickson Kipkorir holds MBCHB from Moi university
4.	 Ruben Cherutich	Mr Chesire Holds a bachelor of Education, he is 28 years old and is currently a teacher
5.	 Daniel Serem	Mr Daniel Serem of Id No 20851388 is 47 Years old and a holder of Diploma in Disaster Management
6.	Watson Kibiwott Kiplagat	Mr Kiplagat of ID No 24200034 is 39 Years of age and holds a Degree in computer science and currently Chairs the Quality sub committee

**4. Key Management**

Ref	Management	Details
1.	 Dr. Nickson Kipkorir	Dr. Nickson Kipkorir Medical superintendent
2.	 Harrison kibire	Harrison kibire Hospital administrator
3.	 Jeremmy Chirchir	Chief Officer Health Bachelors in Nursing
4.	Peter Chesos	Chief Officer Finance Bachelors Of Commerce
5.	 Dorcus Jebet Kiyeng	Dorcus Jebet Kiyeng Nursing officer
6.		<b>Dr. Isaac Kipyego</b> MBCh/MMED Family Medicine Director Medical Services
7.		<b>Mr. John Keen Murkeu</b> MBA-Finance, CPA (K) Director Accounting Services

**5. Chairman’s Statement**

It is my pleasure to present the Hospital’s 2024/25 annual report and Financial Statements. The Board of Management is proud of the achievements realized by the hospital in this period towards a best class patient Specialized care Hospital. Considering the scale and operations and being the second largest hospital in Elgeyo Marakwet County, I am particularly impressed by the “can do attitude” of staff coupled with their commitment to delivering the best possible service to patients.

Chebiemit Sub County Hospital is the public Hospital of choice in Marakwet West, Elgeyo Marakwet County and beyond, offers quality specialized health care to patients from within the sub county and beyond. These services include orthopaedic surgery, ophthalmology, obstetrics and gynaecology, radiology services, family planning among others. Building on the gains made in the previous years, reinforced by clear systems and processes as well as enabling environment, the year 2024/25 reaffirmed our strong sense of purpose in delivering high quality, personalized care with sharp edge of innovations.

Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment. The evaluation of the annual strategic plan shows that the hospital has exhibited continuous improvement in performance over the years. Further, I am happy to report that the Management not only achieved most of the Performance targets including renovation and modernization of our maternity, operationalization of radiology services, construction of power house and purchasing and installation of modern laundry machine .

As we move into a new financial year, I would like to express my gratitude to Chebiemit Sub County Hospital staff, specialists, team leaders and the Board members, who take such pride in their work, and who exemplify our hospital’s mission and values each day. Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.



.....

**Mr Chris Kiptala**  
**Chairman to the Board**

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

I am pleased to present the Annual Report and Financial Statements of Chebiemit sub county Hospital (CSCH) for the fiscal year 2024/25. This report provides an overview of the hospital's operational and financial performance, alongside our strategic direction as we look to the future.

In our continuous effort to ensure equitable access to high-quality, patient-centered generalized services, CSCH employs general professional staff across all medical disciplines. These professionals work tirelessly to deliver timely, evidence-based, and culturally appropriate care to our patients. During the 2024/25 fiscal year, CSCH provided care to 13,735 patients, representing an 18.5% Increase in outpatient visits compared to the previous year's 11,588. The hospital also recorded 2.20% increase in inpatient admissions during the same period.

Quality improvement is deeply embedded in all aspects of our hospital's operations. CSCH continues to meet or surpass the performance metrics established by both the county and national governments. Our focus on enhancing patient safety and experience is reflected in several key initiatives aimed at reducing hospital-acquired infections, medical errors, falls, and occurrences of venous thrombosis. To support these efforts, we established the Department of Quality Healthcare (QHC), which oversees clinical governance, infection prevention and control, patient safety, and monitoring and evaluation. Additionally, we have developed and implemented protocols, standard operating procedures (SOPs), and guidelines for patient management. Enhancements to our customer care services and process improvements have also been introduced to strengthen patient-caregiver engagement.

We are immensely grateful to all stakeholders who have played a role in our growth and success. A special thank you goes out to Team CSCH for their unwavering dedication and professionalism in delivering exceptional services. We also extend our appreciation to our Board of Management, led by Hon Chris Kiptala , for their leadership and to all our development partners for their invaluable support in advancing the hospital's growth strategy.

Together, we will continue to strive for excellence and ensure that CSCH remains a pillar of quality healthcare in Elgeyo Marakwet County.



.....  
**Dr Nickson Kipkorir**

**Secretary to the Board**

### 7. Statement of Performance Against Predetermined Objectives

The Chebiemit sub county Hospitals performance for FY 2024/25 was evaluated against four strategic enablers outlined in its current Strategic Plan (FY 2022/23 - FY 2027/28): governance, infrastructure, finances, and human resources.

**Governance, Leadership, and Management:** Chebiemit sub county Hospital is focused on enhancing its leadership to ensure alignment with its mission and vision. By improving governance and stakeholder relationships, the hospital aims to inspire staff commitment to its strategic objectives.

**Infrastructure and Equipment:** The hospital continues to modernize its facilities, equipment, and technology to improve patient care. However, the current state of its infrastructure is unsatisfactory, necessitating renovations, expansions, and new construction to meet growing service demands.

**Finances for Sustainability:** Chebiemit sub county Hospital is working on securing government funding and exploring new funding opportunities. Efforts to mobilize resources are ongoing, with a focus on efficient utilization and accountability of financial resources to ensure sustainability.

**Human Resource Development:** Developing human capital is critical to achieving the hospital's goals. Chebiemit sub county Hospital is committed to ensuring that its workforce is adequate, skilled, and motivated to enhance service efficiency and effectiveness.

Chebiemit Sub County Hospitals develops its annual work plans based on these four enablers, and the Board assesses performance quarterly. For FY 2024/25, Chebiemit Sub County Hospital successfully met its performance targets in all four areas.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Governance, leadership and management	- Strengthen capacity building for hospital management	- Number of training held - Annual performance reviews	- Identify capacity gaps - Conduct training for HMB and HMT	- 4 trainings conducted - Annual assessments completed
	- Improve hospital quality assurance	- Quality assurance unit established - Quality program implemented - descriptions program in place	- Establish quality assurance unit - Implement quality program	- Quality assurance unit established - Quality program operational

*Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)*  
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Human resource Development	- Strengthen professional development	- Number of CMEs and HOD trainings held - Training programs developed	- Conduct training needs assessment - Develop staff training programs	- 6CMEs held - 4 HOD training sessions conducted
	- Improve performance management systems	- Number of units with performance targets - Support supervision reviews	- Set performance targets for units - Conduct regular supervision	-Performance targets set for units -Support supervision strengthened

## 8. Corporate Governance Statement

Chebiemit Sub county Hospital acknowledges the significance of establishing a robust corporate governance framework, procedures, and protocols, and is deeply committed to maintaining high standards of transparency, accountability, responsibility, and equity within the Hospital and towards our stakeholders. The Board is tasked with supervising how Management effectively serves the interests of shareholders and other stakeholders concerning environmental, social, and governance aspects, as well as matters pertaining to risk management, regulatory and governmental shifts, and global trends.

### The Board of Management

The composition of the Chebiemit Sub county Hospital Board of Management adheres to the guidelines outlined in the County Government Act of 2012, consisting of 9 members. The selection of Board members emphasizes diversity in gender, age, ethnicity, and culture. Furthermore, the current Board possesses a wide range of expertise and experience in areas such as medicine, finance, community development, and administration. External specialists and independent professional advisors are consulted as necessary to supplement the Board's capabilities.

### Appointment of the Board

The Chairman of the Board, along with 8 additional members, are appointed by H.E. the Governor. The Hospital In-Charge serves as an ex officio member and acts as the secretary to the Board. Each member serves a maximum of two terms, each lasting three (3) years. The names of all members and any changes are officially published in the Kenya Gazette.

### Board of Management Composition

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

**Table 2: Board Composition**

Board member	Board position	Appointment date	Retire date
Mr Chris Kiptala	Chairperson	1/06/2024	1/06/2027
Mr Joseph Kimutai Ego	Member	1/06/2024	1/06/2027
Dr Nickson Korir	Secretary	1/06/2024	1/06/2027
Watson Kiplagat	Member	1/06/2024	1/06/2027
Daniel Serem	Member	1/06/2024	1/06/2027
Ruben Cherutich	Member	1/06/2024	1/06/2027
Joseph Kimutai	Member	1/06/2024	1/06/2027

### **Role of the Chairman**

The Chairman holds the responsibility for providing strategic leadership to the board, playing a pivotal role in fostering conditions for the board's overall effectiveness. These include promoting an open environment for discussion, ensuring all members can freely express their views and contribute effectively. The Chairman also ensures that the board actively participates in shaping the Hospital's strategies and policies. Moreover, they oversee the scheduling of board meetings as needed and ensure that members receive accurate, timely, and adequate information to fulfill their duties effectively.

### **Role of the Board**

The Board of Management, with the support of Board Committees and the Secretary-Medical Superintendent, bears the responsibility for promoting good corporate governance and stewardship of the Hospital. The Board, with its Committees, offers strategic guidance, while the Hospital in charge, aided by the Hospital Management Team, is accountable to the Board for executing the strategy. Board members are expected to demonstrate responsibility, prudence, and skillfulness in carrying out their fiduciary duties on behalf of the Hospital.

The roles and responsibilities of the Board as set out in the Board Charter include:

- (i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- (ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- (iii) Providing oversight in financial reporting to the Government and communication to stakeholders.
- (iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- (v) Safeguarding Hospital assets by instituting appropriate internal control systems.
- (vi) Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- (vii) Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- (viii) Ensuring the Hospital complies with all relevant laws, regulations and codes of best business practices.
- (ix) Approving annual budgets.

### **Board work plan and meetings**

A work plan outlining an annual schedule of meetings for the Board and its committees is prepared in advance. The Chairman, in collaboration with the Hospital in charge, determines the agenda for each Board meeting, which is then circulated to members at least seven days prior to the meeting.

In the year under review, the Board held a total of 4 meetings to consider pertinent issues relating to strategy, business performance and sustainability of the Hospital.

**Table 3: Board and committee meeting attendance**

Board Member /Total No of meetings	Board meetings
Chris Kiptala	2/3
Mr Joseph Kimutai Ego	3/3
Dr Nickson Kipkorir	3/3

### **Board Committees and Responsibilities**

To improve efficiency and effectiveness, the Board established four standing committees with well-defined terms of reference covering key operational areas. These committees operate with delegated authority without diminishing the Board's overall accountability. Committee members are appointed based on their relevant skills and experience.

When required, the Board may establish an ad hoc committee to address specific issues not within the purview of existing committees. The medical superintendent serves as the secretary to all Board committees except the Audit and Risk Committee, for which the Head of Internal Audit fulfills this role.

### **Board Committees and Roles**

#### **Clinical Research & Standards Committee**

- (i) Identifying health care service problems in the hospital and ensuring that they are resolved;
- (ii) Review any changes on policy issues on standards, quality assurance and research;
- (iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery; and Undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital based on health professional's handbook on quality management in health care in Kenya.

#### **Human Capital, Finance & Administration Committee**

- (i) Monitoring the Hospital annual budget and overseeing the Hospital's financial management.
- (ii) Monitoring the Hospital annual procurement plan and overseeing procurement of goods and services.
- (iii) Establishing human resource policies and corporate organizational structure;

- (iv) Appointment, promotion and disciplinary issues of senior staff ;
- (v) Establishing remuneration structure for the staff ;
- (vi) Developing succession plan for senior staff ; and
- (vii) Reviewing performance of the staff pension scheme.

#### **Corporate Strategy Enterprise Committee**

- (i) Reviewing the Five-Year Corporate Strategic Plan and oversees the annual implementation of the Hospital's strategy.
- (ii) Advising the Board on strategies to enhance performance of the Hospital;
- (iii) Monitoring major projects under implementation and directing strategies for improving customer service;
- (iv) resource mobilization and forging partnerships/linkages;
- (v) Overseeing realization of the targets set out in the Board's Performance Contract.

#### **Risk and Audit Committee**

- (i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board;
- (ii) Reviewing the performance, objectivity, and independence of external auditors;
- (iii) Consideration of audit findings by the external auditors;
- (iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function;
- (v) Reviewing the Hospital's internal control and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework; and
- (vi) Ensuring adherence to the code of ethics and integrity in financial transactions of the Hospital.

## **9. Management Discussion and Analysis**

### **Clinical Performance**

Chebiemit Sub county Hospital remains dedicated to offering a comprehensive range of specialized healthcare services to the residents of Elgeyo Marakwet County and surrounding areas. These services encompass outpatient general care, accident and emergency services, dental care, ear, nose, and throat (ENT) services, orthopedics, mental health services, physiotherapy, ophthalmology, dermatology, oncology, renal care, minor surgical procedures, and nutrition services, alongside comprehensive care clinics.

Clinical support services include laboratory services, radiology which encompasses CT scans, ultrasound, mammograms, endoscopy, and pharmacy services. Specialties available for consultation include pediatrics, internal medicine, surgery, and obstetrics/gynecology. Mother-child services such as antenatal and postnatal care, as well as immunization, are provided. Given our county's prominence in athletics and sports, we offer allied health and sports medicine services.

Inpatient services include general medicine, surgical procedures, pediatrics, maternity care, obstetrics/gynecology, mental health care, Additionally, rehabilitative services, , and theater operations are also available.

### **Overall patient attendance**

In the fiscal year 2024/25, CSCH experienced an increase outpatient visits, totaling 13735, and inpatient admissions, which increased to 139. This increase is primarily attributed to a improved service delivery. This trend follows the 2024/25FY, where outpatient visits were recorded at 11588 and inpatient admissions at 136. .

### **Reproductive health**

In the financial year 2024/25, Chebiemit sub county Hospital has experienced an overall increase in maternity and antenatal care services, highlighted by a rise in antenatal clinic (ANC) visits and maternity deliveries. ANC Visits 2024/2025[979] 2023/2024 [777]

### **Bed Capacity**

The bed capacity is at 35 beds,

### **Average Length of Stay.**

The average length of stay (ALOS) in the hospital remains a crucial metric for assessing the efficiency of inpatient healthcare delivery. For the year 2024/25, the ALOS was recorded at 2 days, consistent with previous assessments. Surgical cases tend to have longer bed days

### **Mortality Rate.**

During the review period, the average mortality rate stood at 1.4%. The low mortality rate is promptly referral of sick patient and the hospital's effective management of patients.

### **Patient Safety.**

CSCH is committed to enhancing patient safety, recognizing it as a fundamental aspect of healthcare delivery. The hospital has implemented strategies to reduce hospital-acquired infections, minimize medical errors, and decrease the incidence of falls and venous thrombosis, thereby fostering a safer environment for all patients.

### **Financial Highlights**

#### **Financial Performance**

The financial performance of Chebiemit sub county hospital during the year under review reflects a continued reliance on multiple sources of funding, including the Facility Improvement Funds (FIF), free maternity services reimbursements, and rebates from the National Hospital Insurance Fund (NHIF/SHA). Additionally, the hospital received significant support from the County Government of Elgeyo Marakwet, the Ministry of Health.

For the financial year 2024/25, Chebiemit sub county hospital demonstrated notable revenue growth. The hospital's total revenue in FY 2024/25 was Kshs. 17,549,662.80 million. This revenue can be attributed to enhanced resource mobilization strategies and the expansion of hospital services.

In addition to internally generated revenue, Chebiemit sub county hospital received substantial external support. The County Government of Elgeyo Marakwet supplied medical drugs worth Kshs. 3,185,990.41million. Furthermore, the county took on the responsibility of paying employee salaries, which amounted to Kshs. 70,548,505.00 million during the period under review. These external contributions significantly helped in the hospital's operations.

The revenue generated during the year was used to cover hospital expenditures amounting to Kshs. 18,985,822.95 million, which included costs associated with service delivery, maintenance, and procurement.

#### **Performance Results**

While the hospital made strides in collecting its revenue, it faced financial challenges in terms of poverty levels among the clients. The challenge highlights the need for more robust financial sustainability strategies and enhanced efficiency in resource utilization.

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Moving forward, CSCH aims to implement measures to further increase the revenue collections such as refining cost management processes, scaling up resource mobilization efforts, and pursuing new partnerships to diversify funding streams. By addressing these financial challenges, CSCH seeks to position itself for long-term sustainability while continuing to deliver high-quality healthcare services.

The hospital's financial performance, while determined to improve its services which will ensure revenue growth, also underscores the importance of securing more sustainable funding models and enhancing operational efficiencies. Moving forward, CSCH will continue to focus on improving financial management and diversifying its revenue streams to ensure long-term sustainability and improved healthcare service delivery.



Sign: ..... Date: 14<sup>th</sup> November, 2025

**Dr Nickson Kipkorir**

**Medical Supertendent**

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

At Chebiemit sub county Hospital (CSCH), we face a variety of sustainability challenges, reflected through the Triple Bottom Line framework, People, Planet, and Profit. As a county referral hospital, sustainability is integral to our operations, aligning with our goal to create long-term value for our stakeholders and communities. Our commitment extends beyond healthcare services, emphasizing environmental and social responsibility to ensure sustainable success and operational longevity. We are dedicated to upholding high standards of corporate governance, ethics, and integrity as we contribute to the nation's healthcare system.

Recognizing our role in reducing health disparities and advancing sustainability, CSCH integrates sustainability commitments into every aspect of our operations. Our strategic focus is on developing and executing initiatives that deliver real, lasting benefits to our stakeholders. With a commitment to becoming the healthcare provider of choice, we strive to create enduring value for all stakeholders by addressing material issues that help categorize our economic, environmental, and social impacts.

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

CSCH's sustainability strategy focuses on meeting current needs while maintaining environmental responsibility and promoting a healthy, equitable society. We ensure compliance with national and regional regulations, emphasizing efficient facility management to reduce energy use and CO2 emissions. Collaborating with suppliers and stakeholders, we uphold high standards for sustainable healthcare and encourage environmental and social contributions from our workforce. By working with sustainability specialists, we share best practices to maximize resource efficiency, regularly measuring and reporting our progress. CSCHs corporate governance is based on accountability, transparency, and integrity. We foster a culture of ethical behavior, with all employees expected to uphold integrity principles in line with Kenya's Constitution, 2010, and public service laws.

### **ii) Environmental Performance**

In both clinical and office settings, we encourage employees to reduce energy consumption by adopting energy-efficient practices, such as turning off computers and lights when not in use. Additionally, we utilize environmentally friendly packaging for medications and manage medical waste through clearly labeled disposal bags for clinical waste, recyclables, and food waste. Staffs are provided with personal protective equipment to ensure safety during waste management.

As part of our environmental conservation efforts, CSCH planted over 200 trees in the past year and also championing for waste management in collaboration with locals,prisons and schools around the hospital

### **iii) Employee Welfare**

CSCH is committed to providing a healthy and supportive work environment. We offer comprehensive NHIF health coverage to all employees and encourage continuous professional development through training programs in leadership, management, and technical skills. The hospital also promotes the physical and mental well-being of its employees, adhering to Occupational Safety and Health (OSHA) policies guided by the County Human Resource policies. We are dedicated to fostering a culture of equality, diversity, and inclusion, delivering services that

are responsive to the diverse needs of our employees, patients, and their families. CSCH also supports collective bargaining through employee unions.

**iv) Practices**

Our core mission is to improve the health and well-being of our community through innovative, high-quality healthcare services. We maintain a strong reputation for excellence by consistently meeting safety and regulatory standards, ensuring that all products and services provided meet both ethical and legal requirements.

**v) Responsible Competition Practices**

As a leading healthcare provider in the region, CSCH sets an example of responsible business conduct. We adhere to all applicable laws and regulations and engage regularly with governmental bodies to ensure compliance in operations, renovations, and expansions. Our healthcare services are designed to be affordable, with pricing determined by the County Finance Act, passed by the County Assembly of Elgeyo Marakwet.

**(a) Responsible Supply Chain and Supplier Relations**

The procurement department at CSCH plays a key role in supporting our sustainability objectives. CSCH complies with the Public Procurement and Asset Disposal Act, 2015, and related county policies. We prioritize partnerships with suppliers who adhere to best practices and contractual agreements, ensuring the highest quality of service and goods.

**(b) Responsible Marketing and Advertisement**

Under the Health Act of 2017, healthcare advertising is regulated to ensure ethical practices in the licensing, testing, and promotion of health products. As a public hospital, CSCH does not advertise its services.

**(c) Product Stewardship**

CSCH's Product Stewardship program focuses on minimizing the environmental impact of healthcare products and packaging throughout their life cycle. We prioritize patient safety and satisfaction while ensuring affordability in line with the County Finance Act.

**vi) Corporate Social Responsibility (CSR) and Community Engagement**

CSCH's commitment to social responsibility drives us to fulfill public healthcare needs, particularly for marginalized and vulnerable communities. Although no specific CSR activities were conducted this year, we remain dedicated to improving lives through inclusive healthcare and raising awareness of disease prevention and interventions.

## **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.

### **Principal activities**

The principal activities of the entity are:

1. To assure provision of Quality health care services, disaster preparedness and response
2. To Strengthen availability of essential medicines, medical equipment and supplies
3. To maintain and improve hospital infrastructure and means of transport to meet the demands for service delivery.

### **Results**

The results of the entity for the year ended June 30<sup>th</sup>, 2025 are set out on page 1-5.

### **Board of Management**

The members of the Board who served during the year are shown on page vii - viii. During the year 2024 no director retired/ resigned and 9 was appointed with effect from July, 2024

### **Auditors**

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

By Order of the Board

Sign:..........Date: 28<sup>th</sup> August, 2025

**Dr Nickson Kipkorir**  
**Secretary To the Board**

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

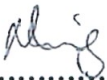
Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Chebiemit sub county hospital, which give a true and fair view of the state of affairs of the Chebiemit sub county hospital at the end of the period and the operating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

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

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Audit Act, 2015. The Board members are of the opinion that the Chebiemit sub county hospital financial statements give a true and fair view of the state of Chebiemit sub county hospital transactions during the financial year ended June 30, 2025, and of the Chebiemit sub county hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Chebiemit sub county hospital, which have been relied upon in the preparation of the Chebiemit sub county hospital financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of management to indicate that the Chebiemit sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

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

The Hospital's financial statements were approved by the Board on 28<sup>th</sup> August, 2025 and signed on its behalf by:



.....  
**Mr Chris Kiptala**  
**Chairperson**  
**Board of Management**



.....  
**Dr Nickson Kipkorir**  
**Secretary**  
**Board of Management**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON CHEBIEMIT LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF ELGEYO MARAKWET

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Chebiemit Level 4 Hospital – County Government of Elgeyo Marakwet set out on pages 1 to 59, which comprise of

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*Report of the Auditor-General on Chebiemit Level 4 Hospital for the year ended 30 June, 2025 – County Government of Elgeyo Marakwet*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Chebiemit Level 4 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 Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in Presentation of Financial Statements**

Review of the financial statements revealed noncompliance with International Public Sector Accounting Standards (Accrual Basis), the formats prescribed by the Public Sector Accounting Standards Board and approved financial statements reporting templates as follows:

- (i) The table of contents does not contain the statement of financial performance.
- (ii) The financial statements do not indicate whether Board Members are independent or are Executive Board Members, which Committee of the Board, the Board Chair or whether the Board Member is an alternate Board Member.
- (iii) The key management team on page (vii) does not include professional/academic qualifications, age and experience of members of management.
- (iv) The report of the board of management states that the results of the entity for the year ended 30 June 2025 are set out on page 1-5, however, the results are set out on pages of 1-8 of the financial statements. The report also indicates that members of the board who served during the year are shown on page (vii) – (viii), however, they are shown on page (vi).
- (v) The financial statements for the year ended 30 June, 2024 included several issues raised under the report on the financial statements, emphasis of matter, report on lawfulness and effectiveness in the use of public resources, and the report on effectiveness of internal controls, risk management and governance. However, the Management only included four (4) issues in the report on the progress on follow up of auditor recommendations in page 58 of the financial statements.
- (vi) The statement of changes in net assets for the year ended 30 June 2025 has not been cross cast.

- (vii) The statement of financial position reflects accumulated surplus comparative balance of Kshs.5,842 while the previous financial year certified financial statements reflect nil balance resulting to an unexplained and unreconciled variance of Kshs.5,842.
- (viii) The statement of financial performance reflects medical/clinical costs amount of Kshs.12,599,720, however, the corresponding Note 15 to the financial statements reflects an amount of Kshs.12,399,720 resulting to an unexplained and unreconciled variance of Kshs.200,000.
- (ix) The statement of cashflows reflects cash generated from operations amount of Kshs.609,206 as disclosed in Note 43 to the financial statements. However, a recalculation of the cash generated from operations in Note 43 revealed an amount of Kshs.603,364 resulting into an unexplained and unreconciled variance of Kshs.5,842. Similarly, the statement reflects rendering of services-medical service income amount of Kshs.17,549,663 and medical/clinical cost amount of Kshs.9,413,730 while the statement of financial performance reflects rendering of services-medical service income amount of Kshs.17,549,623 and medical/clinical cost amount of Kshs.12,599,720 resulting into an unexplained and unreconciled variance of Kshs.40 and Kshs.3,185,990 respectively.
- (x) The statement of comparison of budget and actual amounts reflects actual on comparable basis medical/clinical costs amount of Kshs.9,413,730 and medical/clinical costs amount of Kshs.6,348,550 while the statement of financial performance reflects medical/clinical costs amount of Kshs.12,599,720 and medical/clinical costs amount of Kshs.6,354,433 resulting into an unexplained and unreconciled variance of Kshs,3,185,990 and Kshs.5,883 respectively. The statement also reflects a surplus of Kshs.615,048. However, a recast reveals an amount of Kshs.620,890 resulting an unexplained and unreconciled variance of Kshs.5,842
- (xi) There were variances between the financial statements amounts and balances and the supporting schedules as shown in the table below;

<b>Components</b>	<b>Financial Statement (Kshs)</b>	<b>Supporting Schedules (Kshs)</b>	<b>Variance (Kshs)</b>
In kind contributions from County Government	73,734,495	66,302,076	7,432,419
Rendering of services-Medical service income	17,549,623	-	17,549,623
Medical/Clinical Costs	12,599,720	-	12,599,720
Employee Costs	72,526,117	66,302,076	6,224,041
Board of Management expenses	165,000	-	165,000
Repairs and maintenance	1,080,930	-	1,080,930
General expenses	6,354,433	-	635,443

*Report of the Auditor-General on Chebiemit Level 4 Hospital for the year ended 30 June, 2025 – County Government of Elgeyo Marakwet*

<b>Components</b>	<b>Financial Statement (Kshs)</b>	<b>Supporting Schedules (Kshs)</b>	<b>Variance (Kshs)</b>
Receivables from exchange transactions	6,095,060	-	6,095,060
Trade and other payables	6,754,105	7,369,112	(615,007)
<b>Total</b>	<b>196,859,483</b>	<b>139,973,264</b>	<b>51,167,229</b>

(xii) The trial balance accompanying the financial statements was not provided for audit review.

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

## **2. Anomalies in Property, Plant and Equipment**

The statement of financial position reflects nil balance of property, plant and equipment as disclosed in Note 32 to the financial statements. However, review of the Hospital's property, plant and equipment revealed the following anomalies;

### **2.1. Assets Register**

The Hospital owns several items of property, plant and equipment including land, buildings, motor vehicles, furniture and fittings, office equipment, ICT equipment, plant and medical equipment. However, these assets were not disclosed in the financial statements and a detailed schedule indicating asset description, location, cost and ownership status was not provided for audit review. In addition, a comprehensive asset register detailing the assets that the Hospital owned and/or were in control of the Hospital, the rate of depreciation and the net book values was not provided for audit review.

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

### **2.2. Non - Valuation of Property, Plant and Equipment**

As at the time of the audit, the Hospital owned several items of property, plant and equipment including land, buildings, motor vehicles, furniture and fittings, office equipment, ICT Equipment, Plant and Medical Equipment. However, no documentary evidence was provided to indicate the exact value of the assets since there was no valuation report from a recognized valuer. This was in contravention to Paragraph 44 (Revaluation Model) of International Public Sector Accounting Standard (IPSAS) 17, Property, Plant and Equipment, which states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount

does not differ materially from that which would be determined using fair value at the reporting date.

In the circumstances, the nil balance of property, plant and equipment could not be confirmed.

### **3. Long Outstanding and Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.6,754,105 as disclosed in Note 36 to the financial statements. However, the balance was not supported with a ledger showing the opening balance, additions and payments in the year to arrive at the closing balance. The balance was also not supported by procurement records, supplier invoices and creditor ledgers and creditors register indicating the items that were supplied or services rendered. The College did not also have a creditors management policy.

Further, the trade and other payables increased by an amount of Kshs.2,609,917 from Kshs.4,144,188 in the previous year to Kshs.6,754,105 in the year under review. No explanations for the increase were provided. The increase in the trade and other payables is an indication that the Hospital is unable to settle its obligations as and when they arise.

In addition, the statement of financial position reflects comparative trade and other payables balance of Kshs.5,556,188 whereas the corresponding Note 36 to the financial statements reflects a comparative balance of Kshs.4,144,188 resulting in an unreconciled and unexplained variance of Kshs.1,412,000.

In the circumstances, the trade and other payables balance of Kshs.6,754,105 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.22,033,234 and Kshs.19,606,713 respectively resulting to an under-funding of Kshs.2,426,521 or approximately 11% of the budget. Similarly, the Hospital incurred actual expenditure of Kshs.18,985,823 against actual receipts of Kshs.19,606,713 resulting to an under expenditure of Kshs.620,890 or 3% of the actual receipts.

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

My opinion is not modified in respect of this matter

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve them contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for national government entities to try to resolve any issues resulting from an audit that remain outstanding. **Refer to Appendix I**

### **Other Information**

The Management is responsible for the Other Information set out on pages (ii) to (xxii) which comprise of Key Entity Information and Management, Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management 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. Non – Compliance with Kenya Quality Model for Health Policy Guidelines

Review of the Hospital's records and interviews during verification of services offered revealed that equipment used and medical specialists in the Hospital at the time of audit did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. The guidelines require the Hospital to have three hundred and twenty-three (323) staff as authorized in the establishment, however, the hospital staff were twenty-five (25) resulting to a variance of two hundred and ninety-eight (298) or 92.3% as summarized in the table below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical officers	50	1	49	98%
Anesthesiologists	7	2	5	71.4%
General Surgeons	4	0	4	100%
Gynecologists	4	0	4	100%
Pediatrics	4	3	1	25%
Radiologists	4	2	2	50%
Kenya Registered Community Health Nurses	250	17	233	93.2%
<b>Total</b>	<b>323</b>	<b>25</b>	<b>298</b>	<b>92.3%</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
Beds	500	51	449	89.8%
Resuscitative (2 in labor and 1 in theatre)	3	2	1	33.3%

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage (%)
New born unit incubators	10	1	9	90%
New born unit cots	10	4	6	60%
Functional ICU beds	12	0	12	100%
High Dependency Unit (HDU) Beds	12	0	12	100%
Renal Unit with at least 5 dialysis machines	5	0	5	100%
Two Functional Operational Theatres - Maternity and General	2	1	1	50%
<b>Total</b>	<b>554</b>	<b>59</b>	<b>495</b>	<b>89.4%</b>

The status of the key Hospital equipment was as follows:

Location	Equipment	Status
Renal Unit	No renal unit	-
Radiology Department	1US, 1 Xray	good
Laboratory	1FHG AND 1UEC	good
Dental Department	no dental chair	

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

## 2. Non-Commitment to Climate Change Agreements

Review of records provided and physical verification of its infrastructure revealed that the Hospital did not have a policy on climate change adaptation, had not undertaken an environmental social impact assessment and had not conducted environmental audits contrary to the requirements of the Environmental Management and Coordination Act (EMCA) CAP 387.

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

## 3. Non – Provision of Approved Budget

The Hospital's budget allocation for the year under review was factored in and approved within the County Department of Health overall budget, however, the approved budget of the Hospital was not provided for audit review. This is contrary to Regulations 29(I) of the

Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the draft estimates relating to his or her department are prepared in conformity with the Constitution, the Act and the Regulations.

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

#### **4. Procurement of Goods and Services**

The statement of financial performance reflects medical/clinical costs amount of Kshs.12,599,720 as disclosed in note 15 to the financial statements. However, review of the expenditure and procurement records revealed the following anomalies;

##### **4.1.Failure to Implement E-Procurement System**

During the year under review, the Hospital management did not fully implement E-Procurement nor comply with all the requirements of Executive Order No.2 of 2018. It was noted that tenders were not maintained and publicized on the Hospital's website. Further, bids were not submitted on the website. This was contrary to the Executive Order No.2 of 2018 which requires the Hospital to maintain and continuously update, through the websites of E-Citizen, Public Procurement Regulatory Authority platforms, public notice boards and /or official government publications, a complete information of all tenders, and that the Hospital, updates and publicizes a separate comprehensive list of all registered suppliers, contractors and consultants in the various specific categories of goods, works and/or services pre-qualified to its procurement needs and consolidated and publish the information above by 15<sup>th</sup> day of every subsequent month, outlining the tender and supplier data for the previous month.

##### **4.2. Lack of Procurement Plan**

Review of procurement processes revealed that Management did not develop, approve and implement annual procurement plan that is aligned to the annual approved budget contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015, which requires the Accounting Officer to prepare an annual procurement plan within the approved budget before commencement of each financial year as part of the annual budget preparation process.

Further, it was observed that there were no departmental requisitions for items prior to the commencement of the procurement process. In addition, goods procured and delivered were not taken on charge in the store's ledgers, the ledger cards were not updated and re-order levels had not been established.

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

#### **5. Failure to Maintain Revenue Cash Book**

The statement of financial position reflects cash and cash equivalents balance of Kshs.615,048 as disclosed in Note 27 to the financial statements. It was observed that

the income from rendering of services was collected and deposited in the Health Sector Revenue Collection Account. However, the Hospital Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account, withdrawals through Authority to Incur Expenditure (AIE), and receipts of revenue receivables. This was contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officers to keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

Further, the Hospital Management did not prepare and submit an annual cash flow plan and forecasts to the County Treasury. This was contrary to Section 120(2) of the Public Finance Management Act, 2012 which requires every county government entity to submit an annual cash flow plan and forecasts to the County Treasury in a form and manner directed by County Treasury.

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

#### **6. Lack of Quarterly Revenue Statements**

The statement of financial performance reflects rendering of services-medical service income amount of Kshs.17,549,623 as disclosed in Note 11 to the financial statements. However, quarterly revenue statements were not provided for audit review, contrary to Regulation 207(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer of a county corporation shall prepare and submit quarterly financial and non-financial statements in the format gazetted by the Cabinet Secretary within 15 days after the end of each quarter to the County Executive Committee Member responsible for the county corporation with a copy to the County Treasury and the Auditor-General.

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

#### **7. Non-Compliance with Data Protection Law**

The Hospital collects and processes employee, supplier, patients and other stakeholder data, including their mobile phone numbers, birth dates, national identification and passport numbers, Kenya Revenue Authority (KRA) Personal Identification Numbers (PIN), companies' registration numbers, employee data among others. Review of the data management at the Hospital revealed the following breaches of the data protection law;

- (i) The Hospital had not registered with the data commissioner as a data controller and data processor respectively, contrary to Section 18(1) of the Data Protection Act, 2019 which requires all data controllers and processors to be registered with the Data Commissioner.

- (ii) The Hospital has unlimited access to patients' personal and sensitive data despite not being registered both as a data controller and a data processor, hence breaching the data confidentiality principle of the Data Protection Act.
- (iii) The Hospital had not established personal data retention schedule contrary to Regulation 19(2)(a) of the Data Protection (General) Regulations, 2021 which requires a data controller or data processor to establish personal data retention schedule with appropriate time limits for the periodic review of the need for the continued storage of personal data that is no longer necessary or where the retention period is reached.
- (iv) The Hospital had not established appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes contrary to Regulation 19(5) of the Data Protection (General) Regulations, 2021 which states that a data controller or data processor shall establish appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes.
- (v) The Hospital had not developed and published a policy reflecting its personal data handling practices, contrary to Regulation 23(1) of the Data Protection (General) Regulations, 2021, which states that a data controller or data processor shall develop, publish, and regularly update a policy reflecting their personal data handling practices.
- (vi) Management had not implemented the elements necessary to safeguard the principle of storage limitation including having in place a clear internal procedure for deletion and destruction of personal data of subjects, determining what data and length of storage of personal data that is necessary for the purpose and formulating internal retention statements of implementing them contrary to Regulation 35 of the Data Protection (General) Regulations, 2021 which states that the elements necessary to implement the principle of storage limitation include (a) having clear internal procedures for deletion and destruction; (b) determining what data and length of storage of personal data that is necessary for the purpose; (c) formulating internal retention statements of implementing them.
- (vii) There was no evidence that Management of the Hospital conducts a data protection impact assessment before processing of personal data contrary to Regulation 49(2) of the Data Protection (General) Regulations, 2021 which states that a data processor or data controller shall, before processing data under sub-regulation (1) conduct a data protection impact assessment.

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. Anomalies in Employee Costs**

The statement of financial performance reflects employee costs amount of Kshs.72,526,117 as disclosed in Note 16 to the financial statements. However, review of Hospital records and operations revealed the following anomalies;

#### **1.1. Lack of Approved Staff Establishment**

The Hospital did not have an approved staff establishment. In the absence of an approved staff establishment, the Hospital may not be able to determine the skills and optimal staffing levels required to achieve its goals and objectives.

#### **1.2. Recruitment of Temporary Employees**

The Hospital engaged twenty-one (21) casual employees who were paid a total amount of Kshs.1,977,612 in the year under review. However, evidence of competitive recruitment process, including job advertisement, list of applicants, shortlisted candidates, minutes of the interviews, and the officers' personal files, were not provided for audit review. It was therefore not possible to confirm how the casual employees were recruited or their terms of engagement.

In the circumstances, the effectiveness of internal controls on staffing could not be confirmed.

### **2. Weakness in Governance**

The statement of financial performance reflects board of management expenses amount of Kshs.165,000 as disclosed in note 17 to the financial statements. However, review of the Board of Management records and minutes revealed the following anomalies:

#### **2.1. Failure to Constitute Committees of the Board**

The Board of Management had not formed Committees of the Board contrary to Section 1.7 of Mwongozo, the Code of Governance for State Corporations, 2015 which requires

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the Board to establish not more than four (4) committees of the board, including the audit committee and a maximum of three (3) other committees, by whatever name called, to discharge governance, risk, compliance, finance, technical matters, strategy and human resource functions.

## **2.2. Board Charter, Work Plan and Almanac**

The Board Charter, Workplan and Board Almanac were not provided for audit review. This was contrary to Paragraph A (1) of circular No. OP/CAB.9/1A issued by the office of the President dated 11 March, 2020 which states that all Boards of Directors are required to submit their annual Almanac to the State Corporations Advisory Committee (SCAC) through the parent Ministry by 30 June of every year. It is also contrary to Section 1.11 on Board Charter in Chapter 1 of Mwongozo, the Code of Governance for State Corporations, 2015 which states that the Board should develop and adopt a Board charter, which should define the role, responsibilities and functions of the Board in the governance of the organization and that the Board should periodically review its Board Charter.

It was also contrary to Section 1.9 of Mwongozo, the Code of Governance for State Corporations, 2015 which states that the Board members should ensure the development of an annual Board work plan.

## **2.3. Lack of Gender Parity in Board Appointments**

The Board of Management of the Hospital comprised of members of one gender, contrary to Section 20(4) of the Elgeyo Marakwet Facilities Improvement Fund Act, 2023, which states that at least one-third of the membership of the Hospital management board shall be from the opposite gender.

## **2.4. Failure to Stagger Board Appointments**

The Board of Management was appointed in 1 July, 2024 however, the appointment and tenure of the Board of Management was not staggered contrary to Section 1.14 of Mwongozo, the Code of Governance for State Corporations, 2015 which states that the appointing authority shall ensure the tenures of Board members are staggered to facilitate a phased transition. This provision is intended to preserve institutional memory, provide continuity in leadership, and avoid disruptions in governance when board membership changes.

## **2.5. Irregular Board Meetings**

Review of the minutes of the board of management revealed that the board minutes were filed loosely in a file hence exposing them to a possible tempering and/or possible replacement. Further, Management did not have a minute book in place as a record of all the meeting minutes that took place during the year. In absence of a minute book, it was not possible to ascertain the number of meetings held by the board.

The Board of Management held three (3) meetings during the year under review contrary to Section 4: Board and Committee Meetings of Part E: Practices of the Board in Annexure 1 of Mwongozo, the Code of Governance for State Corporations, 2015 which requires Board meetings to be held at least four (4) times a year and that not more than four (4) months shall elapse between the date of one meeting and the date of the next meeting. Also, the Management did not provide for audit review the recommended and approved rates of remuneration of the Board members in line with the provisions of Section 59(1)(j) of the County Governments Act, 2012 which provides that the County Public Service Board shall make recommendations to the Salaries and Remuneration Commission, on behalf of the County Government, on the remuneration, pensions and gratuities for County public service employees.

In the circumstances, controls over governance oversight could not be confirmed.

### **3. Internal Audit Department and Audit Committee**

During the year under review, there was no evidence that the Hospital conducted an internal audit evaluation to oversee the governance mechanism and promote transparency and accountability in the management of its resources or that the Hospital was audited by the internal audit unit of the County Executive of Elgeyo Marakwet. This was contrary to Section 155(1)(a) of the Public Finance Management Act, 2012 which states that every county government entity shall ensure that it complies with this Act and that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board, and Regulation 153(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county governments entities.

Further, the Hospital had not constituted an audit committee of the board of management. This was 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 risk management, internal control and governance processes could not be confirmed.

### **4. Use of Personal Emails for Official Hospital Business**

Review of the Hospital's operations revealed that Hospital staff were using personal emails for official Hospital business and did not have an official email address. This was contrary to the Head of Public Service Circular SH/ADM/23(1) of 14 June, 2022 Government ICT Standards, 2019 which prescribed that all Ministries, Counties, Departments and Agencies (MCDAs) shall acquire and ensure appropriate use and management of E-mail and instant messaging applications.

In the circumstances, the controls around information security could not be confirmed.

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*Report of the Auditor-General on Chebiemit Level 4 Hospital for the year ended 30 June, 2025 – County Government of Elgeyo Marakwet*

## **5. Inventory Management**

The statement of financial position reflects inventories balance of Kshs.659,005 as disclosed in Note 31 to the financial statements. However, inspection of the Hospital's pharmacy revealed that there were no drug requisition records and there was no inspection and acceptance committee to verify receipt of drugs in the pharmacy. In addition, the central pharmacy had weak inventory management controls due to lack of segregation of duties, as the same officers were responsible for receiving, issuing, and distributing drugs and pharmaceuticals. This was contrary to Regulation 132(1)(a) and (c) of the Public Finance Management (County Governments) Regulations, 2015, which require accounting officers to ensure proper asset control systems, implement preventive mechanisms against theft, security threats, losses, wastage, and misuse, and maintain stock at optimum and economical levels.

In the circumstances, the completeness, accuracy, and reliability of the inventories balance of Kshs.659,005 could not be confirmed due to inadequate inventory controls and non-compliance with the law.

## **6. Internal Controls**

During the year under review, Chebiemit Sub-County Hospital operated without a documented risk management policy framework. There was no evidence of risk identification, risk assessment, and evaluation of the likelihood of risk occurrence and its impact on the Hospital's operations.

Further, the Hospital operated an Information Technology (IT) system for capturing, storing and processing fees. In addition, the Hospital was responsible for custody of sensitive medical data of patients seeking its services alongside other operational data such as pharmaceutical and non-pharmaceutical inventory management activities. However, the Hospital did not have an approved IT Continuity Plan and Disaster Recovery Plan.

This was contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Government) Regulations, 2015 which require the accounting officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and to develop a system of risk management and internal control that builds robust business operations.

In the circumstances, Management was in breach of the law and the effectiveness of the risk management system at the Hospital could not be confirmed.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**

**04 December, 2025**

## Appendix I: Unresolved Prior Year Audit Matters

No.	Issue
	<b>Report on Financial Statements</b>
1.	Presentation, Accuracy and Disclosures in the Financial Statements
2.	Non – Disclosure of Employee Costs Paid by County Government
3.	Cash and Cash Equivalents
4.	Trade Receivables from Non – Exchange Transactions
5.	Trade and Other Payables
6.	Unconfirmed Inventory Balance
	<b>Emphasis of Matter</b>
7.	Budgetary Control and Performance
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
8.	Lack of Quarterly Reports
9.	Lack of Hospital Management Board
10.	Deficiencies in Implementation of Universal Health Coverage (UHC)
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
11.	Failure to Establish Internal Audit Function and Audit Committee
12.	Expiry of Medical Supplies

*Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)*  
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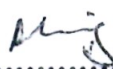
**15. Statement of Financial Performance for The Year Ended 30 June 2025**

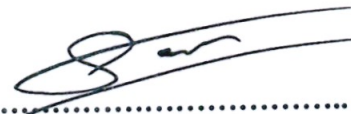
Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY23/24
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	2,051,248	4,105,500
In- kind contributions from the County Government	7	73,734,495	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from		<b>75,785,743</b>	<b>4,105,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	<b>17,549,623</b>	11,632,274
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		<b>17,549,623</b>	<b>11,632,274</b>
<b>Total revenue</b>		<b>93,335,366</b>	<b>15,737,774</b>
<b>Expenses</b>			
Medical/Clinical costs	15	12,599,720	10,282,715
Employee costs	16	72,526,117	638,663
Board of Management Expenses	17	165,000	126,900
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	1,080,930	313,200
Grants and subsidies	20	-	-
General expenses	21	6,354,433	4,370,455
Finance costs	22	-	-
<b>Total expenses</b>		<b>92,726,200</b>	<b>15,731,933</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-


***Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)***  
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Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY23/24
		Kshs	Kshs
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>			
<b>Net Surplus / (Deficit) for the year</b>		<b>609,166</b>	<b>5,842</b>

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

  
 .....  
**Chris kiptala, Chairman**  
**Board of Management**

  
 .....  
**Hezron Kipsang,**  
**Head of Finance**  
**ICPAK No: 10115**

  
 .....  
**Medical Superintendent**  
**Nickson Korir**

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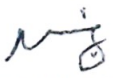
**16. Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	Current FY2024/2025	Comparative FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	615,048	5,842
Prepayments	28		-
Receivables from exchange transactions	29	6,095,060	-
Receivables from non-exchange transactions	30		4,138,346
Inventories	31	659,005	1,412,000
<b>Total Current Assets</b>		<b>7,369,113</b>	<b>5,556,188</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32		
Intangible assets	33		
Investment property	34		
Biological Assets	35		
<b>Total Non-current Assets</b>			
<b>Total assets (A)</b>		<b>7,369,113</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	6,754,105	5,556,188
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		
Current portion of borrowings	41		
<b>Total Current Liabilities</b>		<b>6,754,105</b>	<b>5,556,188</b>
<b>Non-current liabilities</b>			
Provisions	38		
Non-Current Finance lease obligation	39		
Non-Current portion of deferred income	40		
Non - Current portion of borrowings	41	-	-


***Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)***  
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Description	Note	Current FY2024/2025	Comparative FY 2023/2024
		Kshs	Kshs
Service concession Arrangements	42		
<b>Total non-current liabilities</b>			
<b>Total Liabilities (B)</b>		<b>6,754,105</b>	
<b>Net assets (A-B)</b>		<b>615,008</b>	
<b>Represented by:</b>			
Revaluation reserve			
Accumulated surplus/Deficit		615,008	5,842
Capital Fund			
<b>Net Assets</b>		<b>615,008</b>	<b>5,556,188</b>

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

  
 .....  
**Chris Kiptala, Chairman**  
**Board of Management**

  
 .....  
**Hezron kipsang,**  
**Head of Finance**  
**ICPAK No: 10115**

  
 .....  
**Medical Superintendent**  
**Nickson korir**

*Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)*  
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**17. Statement of Changes in Net Assets for The Year Ended 30 June 2025**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023 (previous year)</b>		-		
Revaluation gain				
Surplus/(deficit) for the year		5,842		
Capital/Development grants				
<b>As at June 30, 2024 (previous year)</b>		<b>5,842</b>		
<b>At July 1, 2024 (current year)</b>		<b>5,842</b>		
Revaluation gain				
Surplus/(deficit) for the year		609,166		
Capital/Development grants				
<b>At June 30, 2025 (current year)</b>		<b>615,008</b>		

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

Description	No te	Insert Current FY2024/2025	Insert Comparative FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,051,248	4,105,500
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		17,549,663	11,632,274
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts			
<b>Total Receipts</b>		<b>19,600,911</b>	<b>15,737,774</b>
<b>Payments</b>			
Medical/Clinical costs		9,413,730	10,282,714
Employee costs		1,977,612	638,663
Board of Management Expenses		165,000	126,900
Repairs and maintenance		1,080,930	313,200
Grants and subsidies			
General expenses		6,354,433	4,370,455
Finance costs			
Refunds paid out			
<b>Total Payments</b>		<b>18,991,705</b>	<b>15,731,932</b>
<b>Net cash flows from operating activities</b>	43	<b>609,206</b>	<b>5,841.</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment			
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>			

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Description	No te	Insert Current FY2024/2025	Insert Comparative FY 2023/2024
		Kshs	Kshs
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents as at 1 July 2024	27	5,842	5,842
<b>Cash and cash equivalents as at 30 June 2025</b>	27	<b>615,048</b>	<b>5,842</b>

*Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)*  
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**19. 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 carry overs from the previous year	5,842		5,842	5,842	5,842	100
<b>Receipts</b>						
Transfers from the County Government	2,051,248		2,051,248	2,051,248	2,051,248	100
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	19,976,144		19,976,144	17,549,623	2,426,521	89.2%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts ( <i>specify</i> )						
<b>Total receipts</b>	<b>22,033,234</b>	<b>0</b>	<b>22,033,234</b>	<b>19,606,713</b>	<b>2,426,521</b>	<b>98.1%</b>
<b>Payments</b>						
Medical/Clinical costs	9,116,580.	300,0000.	9,416,580.	9,413,730.	2,850.	99.97%
Employee costs	2,624,200.	(300,000.)	2,324,200.	1,977,612.	346,588.	85.09%
Remuneration of directors	210,000.		210,000.	165,000.	45,000.	78.57%
Repairs and maintenance	663,000.	700,000.	1,363,000.	1,080,930	282,070.	79.31%
Grants and subsidies						
General expenses	7,362,364.	(1,000,000.)	6,362,364.	6,348,550.	13,813.	99.78%
Finance costs						
Refunds						
<b>Total Operational Expenditure paid</b>	<b>19,976,144</b>		<b>19,976,144</b>	<b>18,985,823</b>	<b>690,321.05</b>	<b>95.04%</b>
<b>Capital Expenditure paid</b>						
<b>Surplus</b>				<b>615,048</b>		

***Chebiemit Sub County Hospital (Elgeyo Marakwet County Government)***  
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*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

***Budget notes***

- 1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14*
- 2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

⋮  
**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	615,047.
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	615,047.

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

### **1. General Information**

Chebiemit SCH entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Elgeyo Marakwet County in Kenya. The entity's principal activity is provision of curative services.

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

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

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

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

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

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

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

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Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1<sup>st</sup> 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: <ul style="list-style-type: none"> <li data-bbox="400 869 1374 958">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="400 981 1374 1126">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.</li> <li data-bbox="400 1149 1374 1395">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.</li> </ul>

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

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

#### **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 2024/25 was approved by Board on *30<sup>th</sup> May 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. Accordingly, the *entity* recorded additional appropriations of *690,321.05* on the FY 2024/25 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

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taxation authority is included as part of receivables or payables in the statement of financial position.

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

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## **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.

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were 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.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants ( <i>utility</i> )	2,051,248.	4,105,500.
	<b>2,051,248.</b>	<b>4,105,500.</b>
<b>Conditional grants</b>		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
<b>Total government grants and subsidies</b>	<b>2,051,248.</b>	<b>4,105,500.</b>

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Elgeyo Marakwet County Government	2,051,248.00			2,051,248.00	4,105,500.
<b>Total</b>	<b>2,051,248.00</b>			<b>2,051,248.00</b>	<b>4,105,500.</b>

*(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

**Notes to Financial Statements Continued**

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

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Salaries and wages	70,548,505.	
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	3,185,990.	
Utility bills		
<b>Total grants in kind</b>	<b>73,734,495.</b>	

*(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)*

**8. Grants From Donors and Development Partners**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**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	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Pharmaceuticals	11,897,493.	
Non-Pharmaceuticals		
Laboratory		
Radiology		
Orthopedic and Trauma Technology		
Theatre		
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service		
Cancer centre service		
Dental services		
Reproductive health		
Paediatrics services		
Farewell home services		
Ambulance services		
Other medical services income ( <i>specify</i> )	5,652,130.	11,623,274.
<b>Total revenue from the rendering of services</b>	<b>17,549,623</b>	<b>11,623,274.</b>

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

**12. Revenue From Rent of Facilities**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	-	-

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

Description	Current FY 2024/25	Comparative FY 2023/24
	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	-	-
<b>Total finance income</b>	-	-

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

Description	Current FY 2024/25	Comparative FY 2023/24
	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>	-	-
<b>Total Miscellaneous income</b>	-	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	1,258,450	4,728,330.
Public health activities		
Food and Ration	3,827,280	4,739,080.
Uniform, clothing, and linen	200,000	
Dressing and Non-Pharmaceuticals	2,442,800	815,305.
Pharmaceutical supplies	506,700	
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	80,000	
In Kind County Kemsas	3,185,990	
X-Ray/Radiology supplies		
Other medical related clinical costs ( <i>specify</i> )	1,098,500	
<b>Total medical/ clinical costs</b>	<b>12,399,720</b>	<b>10,282,715.</b>

16. Employee Costs

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Salaries, wages, and allowances	1,977,612	638,663
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>In Kind County</i> )	70,548,505	-
<b>Employee costs</b>	<b>72,526,117</b>	<b>638,663</b>

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

**17. Board of Management Expenses**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	165,000.	126,900.
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
<b>Total</b>	<b>165,000.</b>	<b>126,900.</b>

**18. Depreciation and Amortization Expense**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

**19. Repairs And Maintenance**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Property- Buildings	300,930.	39,100.
Medical equipment	225,000.00	
Office equipment		
Furniture and fittings		
Computers and accessories	185,000.	224,500.
Motor vehicle expenses	370,000.	49,600.
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>1,080,930.</b>	<b>313,200.</b>

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

**20. Grants And Subsidies**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

**21. General Expenses**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Advertising and publicity expenses	250,500.	
Catering expenses	84,850.	
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	36,581.	
Conferences and delegations		
Consultancy fees		
Contracted services	470,000.	846,000.
Electricity expenses	1,715,190.	890,300.
Fuel and Lubricants	1,638,870.	1,019,045.
Insurance		
Research and development expenses		
Travel and accommodation allowance	816,800.	
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	577,642	1,411,110.
Hire charges		

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Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Rent expenses		
Water and sewerage costs	322,800.00	
Skills development levies		
Telephone and mobile phone services	111,000.00	
Internet expenses	95,000.00	
Staff training and development	235,200.00	
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
<b>Total General Expenses</b>	<b>6,354,433</b>	<b>4,166,455.00</b>

**22. Finance Costs**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
<b>Total finance costs</b>		

*(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

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

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised ( <i>specify</i> )		
<b>Total gain on sale of assets</b>		

**24. Unrealized Gain On Fair Value Investments**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Investments at fair value		

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Total gain		
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25. Medical Services Contracts Gains /Losses

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions		
<b>Total Gain/Loss</b>		

26. Impairment Loss

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
<b>Total impairment loss</b>		

27. Cash And Cash Equivalent

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Current accounts	615,048	5,842.
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalents</b>	<b>615,048</b>	<b>5,842.</b>

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

Description		Current FY 2024/25	Comparative FY 2023/24
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1147077398	290,117	5,842
Equity Bank, etc	1530285677255	260,245	
Kenya commercial bank	1144786908	64,686	
<b>Sub- total</b>		<b>615,048</b>	
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank – etc			
<b>Sub- total</b>			
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>			
<b>d) Others(specify)</b>			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>		<b>615,048</b>	<b>5,842</b>

28. Prepayments

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
Total		

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**29. Receivables From Exchange Transactions**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Medical services receivables	6,095,060.	4,138,346.
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
<b>Total receivables</b>	<b>6,095,060.</b>	<b>4,138,346.</b>

**Analysis of Receivables From Exchange Transactions**

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	5,505,855	90%	4,138,346.	100%
Between 1- 2 years	589,205	10%		%
Between 2-3 years		%		%
Over 3 years		%		%
<b>Total (a+b)</b>	<b>6,095,060.</b>	<b>100%</b>	<b>4,138,346.</b>	<b>100%</b>

**30. Receivables From Non-Exchange Transactions**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors ( <i>non-exchange transactions</i> )		
Less: impairment allowance		
<b>Total</b>		

**Analysis of Receivables From Non-Exchange Transactions**

Description	Current FY 2024/25		Comparative FY 2023/24	
	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		%		%
<b>Total (a+b)</b>		%		%

**31. Inventories**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Pharmaceutical supplies	334,142.	688,754.
Maintenance supplies		
Non-pharm	112,037.	520,000.
Lab commodities	56,757.	
Food supplies	156,069.	83,246.
Linen and clothing supplies		120,000.
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
<b>Total</b>	<b>659,005.</b>	<b>1,412,000.</b>

**Detailed disclosure on inventories**

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	<b>Current FY 2024/25</b>	<b>Comparative FY 2023/24</b>
Opening balance	1,412,000.	
Additional Inventory in the year	12,403,020.	
Inventory expensed in the year	15,716,315.	
Write-downs in the year		
Others specify	2,560,300.	
Closing balance	659,005.	

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*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 (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 20XX (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 20XX</b>	-	-	-	-	-	-	-	-	-
At 1 July 20XX (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 20XX</b>	-	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>									
At 1 July 20XX (previous year)	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
<b>At 30 June 20XX</b>	-	-	-	-	-	-	-	-	-
At July 20XX (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 20XX</b>	-	-	-	-	-	-	-	-	-
<b>Net book values</b>	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 20XX (previous)	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 20XX (current)	-	-	-	-	-	-	-	-	-

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

**33. Intangible Assets-Software**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
<b>Cost</b>	-	-
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**34. Investment Property**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

36. Trade and other Payables

Description	Current FY 2024/25		Comparative FY 2023/24	
	KShs		KShs	
Trade payables	6,754,105		4,144,188.	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>6,754,105.</b>		<b>4,144,188.</b>	
<b>Ageing analysis:</b>	<b>Current FY 2024/25</b>	<b>% of the Total</b>	<b>Comparative FY 2023/24</b>	<b>% of the total</b>
Under one year	6,754,105.	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>6,754,105</b>	<b>100%</b>	<b>4,144,188.00</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	-
<b>Total deposits</b>	-	-

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	Current FY 2024/25	% of the Total	Comparative FY 2023/24	% of the total
<b>Ageing analysis:</b>				
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**38. Provisions**

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

**39. Finance Lease Obligation**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**40. Deferred Income**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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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	Current FY 2024/25	Comparative FY 2023/24
	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	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-

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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	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Surplus for the year before tax	609,166	5,842
<b>Adjusted for:</b>		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
decrease in inventory	758,837	
Increase in receivables	(1,956,714)	
Increase in deferred income		
decrease in payables	1,197,917	
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>609,206</b>	<b>5,842</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**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
<b>At 30 June 20XX (previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20XX (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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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 xxxx. 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
<b>At 30 June 20xx</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20xx</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**(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
<b>At 30 June 20xx</b>			
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.

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Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
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
<b>20XX (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20XX (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**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.

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

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

**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 xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

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

**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	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	-	-
Sales of services to xxx	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

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Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**46. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**47. Contingent Liabilities**

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

*(Give details)*

**48. Capital Commitments**

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**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 Corporation/ or a Semi- Autonomous Government Agency under the Department of Health Services. Its ultimate parent is the County Government of Elgeyo Marakwet.

**51. Currency**

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

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**21. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>Lack of Hospital Management Board</b>	The facility did not have a gazetted board in place	We have constituted abd gazetted the board		
<b>Non-Disclosure of Employee</b>	Costs Paid by The County Government Not disclosed	The management recognised the contribution by County government in this financial year		
<b>Non Established an audit committee and internal audit function</b>	The Hospital has not established an audit committee and internal audit function. This is contrary to Regulation	<i>Its true CSCH has not constituted Audit committees. We are currently depending on county level internal Audit and County Audit Committee; However, the current Hospital Board of Management has formulated an internal audit committee.</i>		
<b>Expiry of Medical Supplies</b>	Review revealed that one hundred and seventy-two (172) various drugs units of undetermined value had expired	<i>To address the absence of batch numbers and expiry dates in the stores ledger, the hospital has implemented critical measures and guidelines to enhance inventory control.</i>		

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....  
**Accounting Officer**

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**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							

**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 <sup>th</sup> 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.....

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

**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