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IHURURU TREATMENT AND  
REHABILITATION HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NYERI

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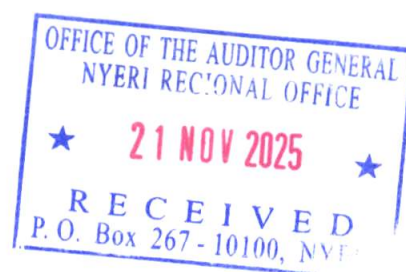
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**IHURURU TREATMENT AND REHABILITATION Level 4 HOSPITAL  
(Nyeri County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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



*Ihururu Treatment and Rehabilitation Level 4 Hospital (Nyeri 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

A list of all acronyms and glossary of terms used in the preparation of this report

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
CECM	County Executive Committee Member
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse

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

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

Ihururu Treatment and Rehabilitation Hospital is a level 4 hospital specialised in mental health and rehabilitation services located along Nyeri, Mathari Ihururu Road, in Dedan kimathi ward, Tetu Sub-County, Nyeri county. It's about 8 km from Nyeri town. The hospital was officially gazetted to level 4 in October 2023. It was later accredited by NACADA in November 2023. The hospital has a catchment area for mental health and rehabilitation services of 2Million for the larger Mt Kenya region and Outpatient services has a catchment population of 7,074. It has a bed capacity of 90 beds. The hospital was started as an institution run by Church of Scotland missionaries from Scotland in 1935 to serve the local community and MAUMAU. After independence, the government took over the responsibility from the church but continued collaborating until 1993 when it was gazetted as a dispensary. In 2012, the government continued to expand the hospital due to need through the Economic Stimulus Programme (ESP) where a maternity and paediatric wing was constructed and as a result it was elevated to a Health centre.

Currently the hospital offers the following services:

- I. Outpatient Services,
- II. Inpatient Services (Rehabilitation Services)
- III. Laboratory services,
- IV. Medical Outpatient Clinics,
- V. Nutrition Services,
- VI. Maternity Services,
- VII. Maternal and Child Health(MCH)/Family Planning (FP) Services,
- VIII. Provider-Initiated Testing and Counseling (PITC) services,
- IX. Occupational Therapy,
- X. Comprehensive Care Clinic Services,
- XI. Rehabilitative Services,
- XII. Mental Health Clinics.

The hospital had an annual total workload of 11,845 in FY 2024-2025. Inpatient number standing at 216 an increase from the previous year.

The hospital offers services to clients mainly from Tetu Sub County but also from other areas. Some of these services include general outpatient consultation services, Maternal and Child Health(MCH)/Family Planning (FP) services including cervical cancer screening, Comprehensive Care Centre in which TB treatment services are offered, nutrition, clinical and psychological counselling, medical social work, medical laboratory, specialised outpatient clinics and pharmacy services.

The hospital also takes part in training of healthcare professionals by offering attachment services to students from various tertiary institutions such as KMTC, KEMU, MKU, Pwani university among others.

Currently the hospital is governed by the Hospital Management Board who are appointed by H.E The Governor in accordance with the Nyeri Health Services Act 2015.

**(b) Principal Activities**

• **VISION**

A prosperous people in a secure, healthy environment, with a high quality of life.

• **MISSION**

To promote and provide quality integrated preventive, promotive, curative, rehabilitative and palliative services to restore physical and mental health for all clients with Alcohol and other Substance use disorders.

• **CORE VALUES**

1. Integrity
2. Honesty
3. Accountability
4. Openness to the recovery process
5. Self-acceptance
6. Promoting Human Dignity
7. Upholding professional Ethics

**(c) Key Management**

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

- County department of health (CECM health, Chief Officer Health, County Director of Medical Services).
- Board of Management – Management Committee
- Accounting Officer/ Principal Clinical Officer- In charge of day to day running of the facility on behalf of the management committee and the county department of health.
- Hospital Management committee
- Executive Expenditure Committee- key role include preparing quarterly and annual budget.

**(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.	Facility in charge	Beatrice Baragu
2.	Head of finance	Alice Ndung'u
3.	Head of supply chain	Tabitha Maina
4.	Health administrative officer	Erick Muthee
5.	Nursing services manager	Isaac Maina

**(e) Fiduciary Oversight Arrangements**

The overall oversight responsibility of the facility lies with the hospital management committee and its sub committees. Other stake holders (County Assembly, Department of Health) and national bodies (Ministry of Health) also exercise their oversight roles of the hospital. These oversight roles are exercised through routine supervisions and preparation of monthly, quarterly and annual reports.

**(f) Entity Headquarters**

Ihururu Treatment and Rehabilitation Hospital  
P. O. Box 675 – 10100  
Nyeri – Kenya

Along Nyeri – Ihururu Road

**(g) Entity Contacts**

Telephone: (+254)795707198  
E-mail: ihururutreatmentandrehab@yahoo.com

**(h) Entity Bankers**

Co-operative Bank  
Nyeri Branch

**(i) Independent Auditors**

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



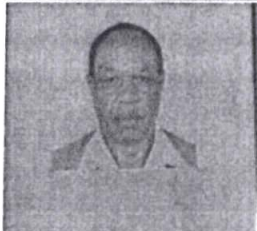
**(j) Principal Legal Adviser**




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

**(k) County Attorney**


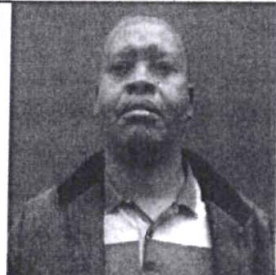
P. O. Box. 1112  
**Nyeri – Kenya**

### 3. The Board of Management




Ref	Directors	Details
1.	 <p>Dr. Robert Ngunjiri <b>Chairman</b></p>	<ul style="list-style-type: none"> <li>- Age; 64 years.</li> <li>- Key qualifications; MBChB ( Medical Doctor) Diploma in protocol Medicine</li> <li>- Work Experience;37 years as a Medical Doctor</li> <li>- Independent board chairperson.</li> </ul>
2.	 <p>Dr. Rosemary Mathenge <b>Member</b></p>	<ul style="list-style-type: none"> <li>- Age;65 years</li> <li>- Key qualifications; Phd in Management and Management Leadership Master's in Education, Planning, management and Administration. Degree in Education</li> <li>- Work Experience; 40 yrs.</li> <li>- Independent board member.</li> <li>- Chair planning and development sub- committee.</li> </ul>
3.	 <p>Mr. Isaac Gikonyo <b>Member</b></p>	<ul style="list-style-type: none"> <li>- Age: 72 years</li> <li>- Key qualifications; Bachelors in Education</li> <li>- Work experience: 35 years as a Teacher and 17 years in Community Service.</li> <li>- Independent board member</li> </ul>

4.	 Mr. David Wahome <b>Member</b>	<ul style="list-style-type: none"> <li>- Age; 31 years</li> <li>- Key qualifications; Bachelors' degree in supply management Diploma in Purchase and supply chain management. Certificate in management</li> <li>- Work Experience;7 years</li> <li>- Independent board member.</li> </ul>
5.	 Beatrice Baragu <b>Secretary</b>	<ul style="list-style-type: none"> <li>- Age; 46 years</li> <li>- Key qualifications; Bsc Degree in Clinical Medicine &amp; Community Health (2011-2013). Diploma in Clinical Medicine &amp; Surgery (1999-2001) Certificate in Senior Management Course 2023</li> <li>- Work Experience;21 years in clinical medicine.</li> <li>- Entity Secretary; Not a member of ICS.</li> </ul>
6.	 Dr. Moses Mwenda <b>Member</b>	<ul style="list-style-type: none"> <li>- Age; 55 years</li> <li>- Key qualifications; Specialist in Psychiatry MMed Psychiatrist. MBChB Med</li> <li>- Work Experience;24 years</li> <li>- Executive board member</li> </ul>



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		<ul style="list-style-type: none"> <li>- Chair Medical &amp; Human Resource sub-committee.</li> </ul>
7.	 <p>Mrs Nancy Wangai <b>Member</b></p>	<ul style="list-style-type: none"> <li>- Age :65 years</li> <li>- Key qualifications; Bachelors in Occupational Therapy Higher Diploma in Psychological counselling Diploma in Human Resource Management Diploma in Occupation Therapy</li> <li>- Work experience ;43 Years.</li> <li>- Independent board member.</li> </ul>
8.	 <p>John Waturu Munyogo <b>Member</b></p>	<ul style="list-style-type: none"> <li>- Age: 50 years</li> <li>- Key qualifications; Certified Public Accountant 1 KATC I,II</li> <li>- Work Experience; 26 years</li> <li>- Independent board member.</li> <li>- Chair Finance sub-committee.</li> </ul>

4. Key Management Team

Ref	Management	Details
1.	 Beatrice Baragu <b>Facility in charge</b>	<b>Key qualifications;</b> Certificate in Senior Management Course 2023 Bsc Degree in Clinical Medicine & Community Health (2011-2013). Diploma in Clinical Medicine & Surgery (1999-2001) - Work Experience; 21 years - Responsibility-Overseeing overall operations of the hospital in service delivery, financing and implementation of activities
2.	 Alice Ndung'u <b>Head of Finance</b>	<b>Key qualifications;</b> Bachelor of Commerce -Accounting Option 2006 Certified Public Accountant -CPA (K) - Work Experience; 16 years as an Accountant and as a Credit Analyst. - Responsibility-Overseeing finance & accounting services in the hospital
3.	 Tabitha Maina <b>Head of Supply Chain</b>	<b>Key qualifications;</b> - Diploma in supply chain Management - Work Experience; 3 years. - Responsibility- Overseeing procurement of goods & services and ensuring safe storage of commodities in the hospital

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<p>4.</p>	 <p>Eric Muthee <b>Health Administrative Officer</b></p>	<p><b>Key qualifications;</b>            Bachelors of Art in Public Administration            Diploma in Business Administration            - Work Experience; 3 years            - Responsibility-Overseeing administrative activities in the hospital.</p>
<p>5.</p>	 <p>Isaac Maina- <b>Nursing Services Manager</b></p>	<p>- Key qualifications;            Bachelor's Degree in Nursing            Diploma in Community Health Nursing            Certificate Enrolled Community Health Nursing            Senior Management Course            - Work Experience 20 years            - Responsibility-Overseeing and co-ordinating nursing services in the hospital.</p>

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

On behalf of the board of management I take this pleasure to present the chairman's report and financial statement for FY 2024/2025. The hospital is run by a board of management that was appointed in December 2024 and assumed the office immediately and within the year the board of management was able to hold three full board meetings whereby they deliberated on matters pertaining the functioning of the facility.

### **Financial Report**

The Hospital recorded steady growth during the year. Revenue targets for FY 2024/2025 was Ksh.12,377,000 and the hospital realized Ksh. 23,098,055 which was 187% achievement and this was driven by improved operational efficiency. Out of Kshs.23,098,055 ,Kshs.3,658,697 was given as a grant to Health Service Fund in support of Fund administration and Rural Health Facilities. Transfers from the County Government was Kshs.1,140,799.

### **Achievements**

The hospital was accredited by the Social Health Authority and this has boosted financial revenue collections.

There was realization of annual revenue targets.

There was an appointment of a Hospital Management Board that helps to oversee the management of the hospital.

### **Challenges**

The year under review was characterised by both challenges and opportunities within the health sector. Raising health care costs, evolving patient needs and resource constraints continued to impact hospital operations. However, our hospital remained steadfast in its mission to deliver quality, affordable and accessible health care services to our community.

Lack of inadequate infrastructure such as buildings to accommodate various departments required in Level four hospitals.

Shortage of staff has affected the delivery of essential service.


**Future out look**

Looking forward the hospital will look at expanding the infrastructure by constructing a modern OPD block that will hold several departments.

A construction of a female rehabilitation wing and administration block.

Expansion of specialized services e.g. admission of medical patients and integration of Hospital Information Management System(HIMS).

The hospital board recognises the need to remain adaptive in light of economic challenges and evolving health care demands



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**Dr. Robert Ngunjiri**  
**Chairman to the Board**

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

I am pleased to present the 2024/2025 financial year statements for Ihururu Treatment and Rehabilitation Hospital. Ihururu Treatment and Rehabilitation Hospital is a level 4 hospital specialised in mental health and rehabilitation services located along Nyeri, Mathari Ihururu Road, in Dedan Kimathi ward, Tetu Sub-County, Nyeri county. It's about 8 km from Nyeri town. The hospital was officially gazetted as level 4 Hospital in October 2023. It was later accredited by NACADA in November 2023. The hospital has a catchment area for mental health and rehabilitation services of 2Million for the larger Mt Kenya region and Outpatient services has a catchment population of 7,074. It has a bed capacity of 90 beds. The hospital was started as an institution ran by Church of Scotland missionaries from Scotland in 1935 to serve the local community and MAUMAU. After independence, the government took over the responsibility from the church but continued collaborating until 1993 when it was gazetted as a dispensary. In 2012, the government continued to expand the hospital through the Economic Stimulus Programme (ESP) where a maternity and paediatric wing was constructed and as a result it was elevated to a Health centre.

The hospital offers both Outpatient and In-patient services. Our services include;

1. Outpatient services- consultation, history taking and making diagnosis.
2. Inpatient (Rehabilitation services)-for patient with addiction of alcohol and other substances.
3. Laboratory services including basic routine tests
4. Medical Outpatient Clinics - follow up for diabetic and hypertensive patients
5. Nutrition Services
6. Maternity Services - for normal deliveries
7. Maternal and Child Health(MCH)/Family Planning (FP) Services
8. Provider-Initiated Testing and Counselling (PITC) Services
9. Occupational Therapy
10. Comprehensive Care Clinic services
11. Mental Health Clinics
12. Pharmacy.

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I am glad to report that the hospital offers Rehabilitation services for clients not only from Nyeri county but from larger Mt Kenya and other Counties. We recognize the role played by the County department of health, NACADA and other partners that have supported the facility to reach this level.

At Ihururu Treatment and Rehabilitation hospital we understand that recovery from addiction is more than just DETOX and abstinence. Our treatment programs are designed to help our client establish a lasting foundation of sobriety by providing psychoeducation, psychotherapy, counselling and tools to maintain long term behavioural change. We offer evidence -based and holistic therapies that address the physical, psychological and spiritual aspects of addiction. By focusing on the underlying causes of addiction as well as lifestyle changes during recovery, we can help our client build a solid foundation for enduring sobriety.

Our treatment program uses the eclectic approach which combines various treatment approaches to provide the client with a holistic recovery experience.

In the last financial year, we admitted 244 clients in the rehab who underwent counselling and psychotherapy education.

On revenue, the Hospital recorded steady growth during the year. Revenue targets for FY 2024/2025 was Ksh. 12,377,000 and the hospital realized Ksh.23,098,055 which was 187% achievement and this was driven by improved operational efficiency. Out of Kshs.23,098,055 ,Kshs.3,658,697 was given as a grant to Health Service Fund in support of Fund administration and Rural Health Facilities. Transfers from the County Government was Kshs.1,140,799.

We faced challenges in delayed reimbursement from SHA and SHIF.

We recommend;

- (a) Exploring other additional funding sources through partnership, grants and corporate social responsibility programs.
- (b) Strengthening revenue collection through improved billing systems and follow-up on outstanding claims.

In conclusion, the financial management of Hospital remains stable despite challenges in funding and rising healthcare demands. Continued support from government, partners and the community essential in sustaining quality healthcare delivery. The hospital leadership is committed to accountability, transparency and effective utilization of resources.

In terms of leadership and governance, the hospital held four full board meetings, monthly HMT meetings, quarterly EEC meetings, and quarterly subcommittee meetings.

### **Challenges**

Some of the main challenges include understaffing, lack of specialists i.e. resident psychiatrist, Medical officer's nurses, clinical officers, counselling psychologist. These cadres are very critical to the management of the patients. We also lack basic services such as imaging and radiology services, dental, ENT, and ophthalmology services. We faced financial constraints to run our day to day activities adequately, and inadequate infrastructure i.e. buildings to accommodate essential services. This has led to underutilisation of our hospital especially in the outpatient and subsequently lower revenue collection.

We have been experiencing frequent power outages and the hospital doesn't have a generator for backup, lack of a female rehabilitation ward to admit female clients, lack of a utility vehicle to run the hospital's errands. Frequent septic system overflow/overloading leading to septic system failing due to poorly done work. This problem requires monthly exhaustion of the septic tank.

### **Future Outlook**

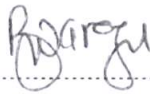
The hospital is gazetted as a Level 4 hospital which offers preventive, promotive, curative and rehabilitative services. We also offer Outpatient services and we are looking forward to expanding our Outpatient block to provide more space to allow us to introduce other Outpatient services.

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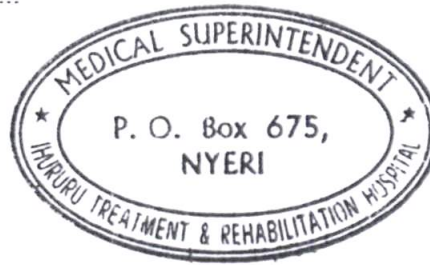
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Our In-patient department majors on providing services to clients who have indulged in alcohol and other substance use disorders from all over the country. Currently we are only able to admit male clients.

Due to demand, we have plans to construct a female rehabilitation wing to give rehabilitation services to female patients addicted to alcohol and other substances of abuse. We are looking forward to County Government support to meet this need



.....  
**Beatrice Baragu**  
**Secretary to the Board**



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

Ihururu Treatment and Rehabilitation hospital derives its strategic objectives from the county Department of health which in turn derives from the Kenya Health Policy 2014-2030.

The 2024/2025 work plan was derived from the broad objectives which also form the basis for performance appraisals.

These strategies objectives are as follows;

1. Eliminate communicable conditions.
2. Halt and reverse the rising burden of non-communicable conditions and mental disorders.
3. Reduce the burden of violence and injuries.
4. Provide essential health care, minimize exposure to health risk factors.
5. Strengthen collaboration with health-related sectors.

## **8. Corporate Governance Statement**

Commitment and adherence to good corporate practices is paramount in every institution's vision. To continue offering quality services to our clients Ihururu Treatment and Rehabilitation Hospital through the County department of health and the Hospital Management Board remains committed to ensuring compliance to statutory requirements, Code of Governance for State Corporations (Mwongozo Code 2015), Nyeri County Health Services Act, 2015 among others.

The board of management is constituted as stipulated in the Nyeri County Health Services Act, 2015.

It is constituted of 8 members including the facility accounting officer/Facility In-charge who is the secretary to the board. The hospital administrative officer and the nursing manager also sit in the board as members in-attendance. The constitution of the board adheres to the 2/3 gender rule. The members of the board are appointed by H.E the Governor as per gazette notice 14832 dated 18/10/2024 and gazette notice dated 8/4/2025 and have undergone an induction and training on their role and mandate in the facility. They serve for a 3-year renewable term. The members are currently serving their first term. The board took over from the facility management committee on 4th December 2024.

The hospital management board does not have a board charter. However, the board constitution and operations are stipulated in the Nyeri County Health Services Act of 2015. The act also provides guidance on conflict of interest, the process of removal of a board member from office and dissolution of the board.

Hospital Management Board members are remunerated as follows:

Detail		Level 4 Hospitals (Kshs)
Sitting allowance	Chairperson	4,000
	Members	2,500
Lunch (where lunch is not provided)	Chairperson and members	Provided in the hospital

a).The attendance of committee meetings for the 2024/2025 financial year is as follows:

S/No.	committee meeting held during FY 2024-2025	Members present	Absent with apology	Absent without apology
1.	22nd July 2024	8	1	0
2.	14th October 2024	9	0	0
3.	17th November 2024	7	2	0
4.	04th December 2024	9	0	0

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b) The attendance of Hospital Management Board meetings for the 2024/2025 financial year is as follows:

S/No.	Hospital Management Board meeting held during FY 2024-2025	Members present	Absent with apology	Absent without apology
1.	4th December 2024	7	0	0
2.	13th January 2025	7	0	0
3.	3rd April 2025	7	0	0
4.	19th June 2025	8	0	0

c). List of board members and the number of meetings attended

S/NO	NAME	TOTAL NUMBER OF MEETINGS ATTENDED FY 2024/2025	DATE OF APPOINTMENT
1.	Dr Robert Ngunjiri	4	18/10/2024
2.	Dr.Moses Mwenda	4	18/10/2024
3.	Mr.Isaac Gikonyo	4	18/10/2024
4.	Mr. John Munyogo	4	18/10/2024
5.	Ms.Rosemary Mathenge	4	18/10/2024
6.	Ms.Nancy Wangai	4	18/10/2024
7.	Mr.David Wahome	1	08/04/2024

**d). Roles and functions of the board.**

- i) Providing oversight over the administration of the hospital.
- ii) Promoting the development of the hospital.
- iii) Approving plans and programs for implementing county health strategies in the hospital.
- iv) Approving budget estimates before submission to the Chief Officer.
- v) Carrying any other function assigned by the executive Secretary.

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

In the year under review, the financial performance was marked by both progress and challenges for Ihururu treatment and rehabilitation hospital. The hospital increased on workload and revenue collection due to introduction of SHA as a mode of payment for services. However, rising operational costs, delayed SHA/SHIF reimbursements and high patient demand placed pressure on available resources.

The hospital majored in offering promotive, preventive, curative and rehabilitative services. It provided services to the patient both during the day and night including weekends and public holidays. During the night the patients were attended to by the nurses whereby they treated only minor ailments and referred any other complicated case to Level 5 for further management. This has resulted to shortage of clinical officers who normally run the Out patient department in an ideal level hospital.

In October 2024, the hospital was accredited by SHA and we started admitting patients with addiction diseases using SHA. This led to increase in numbers of patients admitted in rehabilitation ward and use of Primary Health Care cover in the Out patient services and this eventually led to increase in revenue collection surpassing the target by 187%.

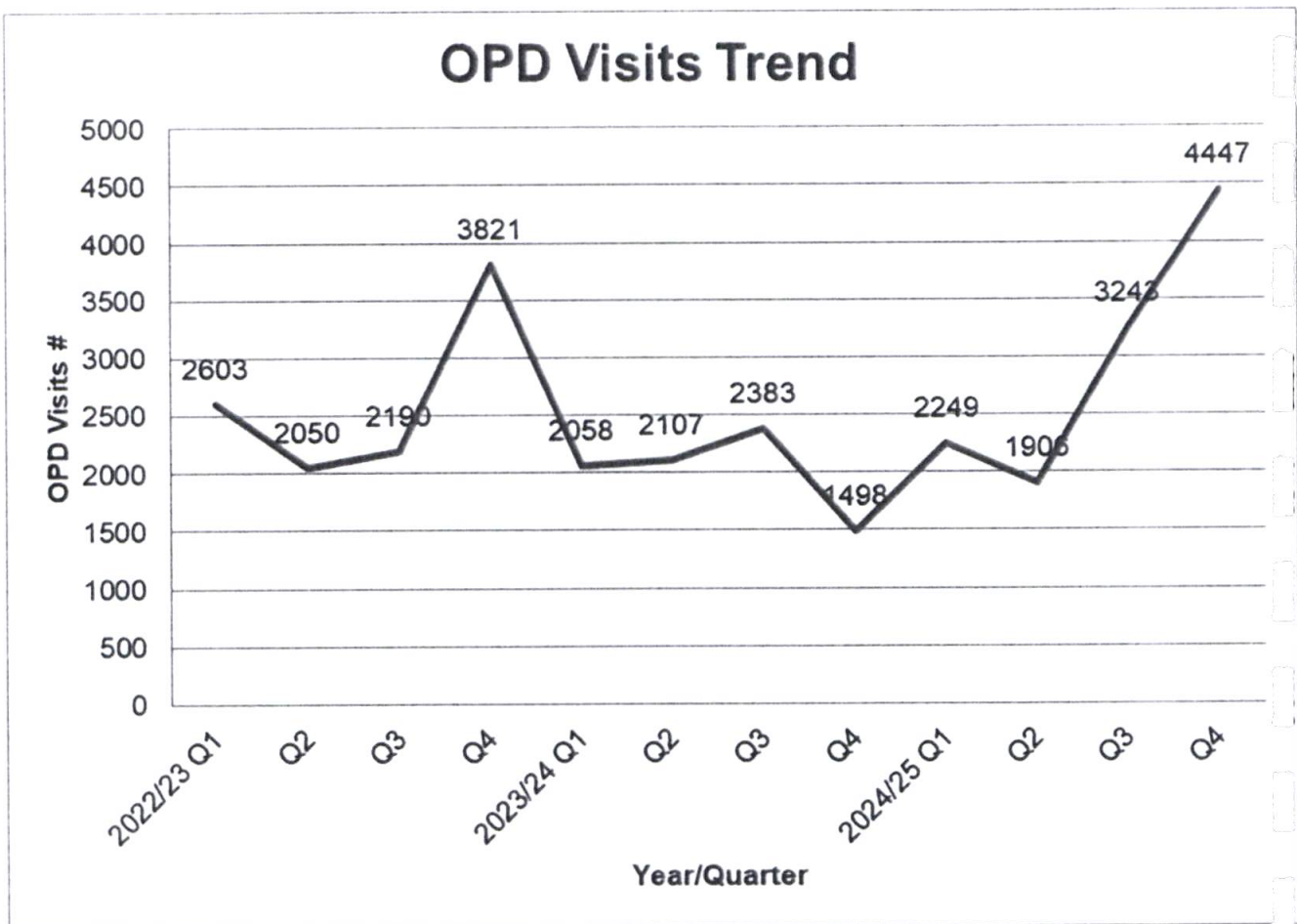
Looking forward the hospital will focus on strengthening revenue collection and follow-up of un paid claims, expanding critical care and rehabilitative services to meet the growing community needs, partnering with private and public corporates to support in financing some gaps and implementing cost-efficiency measures including energy saving initiatives such as installation of solar panel for lighting and heating

### **Clinical/operational performance**

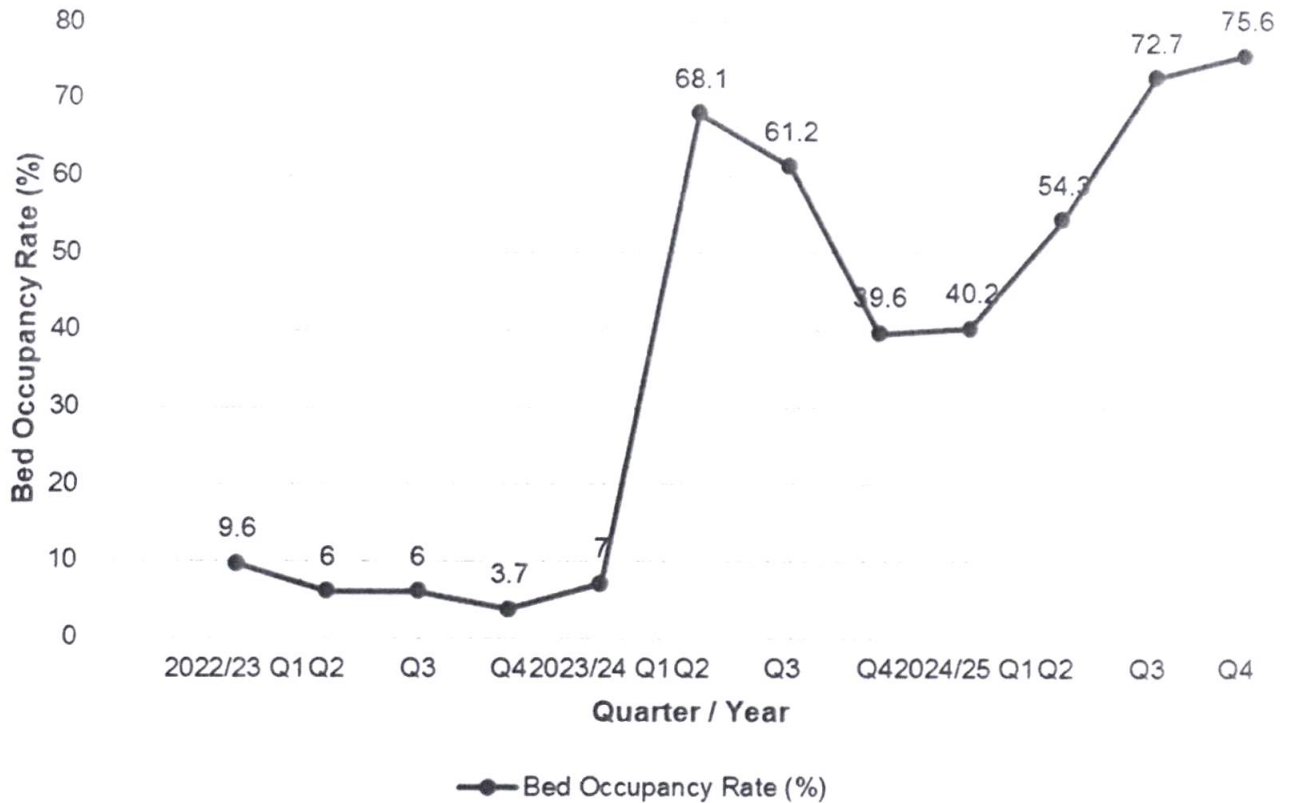
- Bed capacity of the hospital. 90
- Overall patient attendance during the year for both inpatient and outpatient.  
(Outpatient 11,845, in patient Rehab 244, Maternity admissions 42)
- Accident and Emergency attendance

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- Specialized clinic attendance 2,272
- Average length of stay for patients 90 days
- Bed occupancy rate 80%
- Mortality rate 0
- Surgical theatre utilization -N/A
- Sponsorships and partnership – Nil



### Bed Occupancy Rate per Quarter (%)



**Financial performance: -**

o **Revenue Sources**

The hospital's sources of revenue include County government grants and user fees (In form of facility improvement fund). The Nyeri County Assembly enacted the Nyeri County Health Services Fund Act, 2021 with an aim of ring-fencing the funds collected by hospitals to ensure smooth service delivery in all facilities managed by the County Government of Nyeri.

The hospital revenue collections for Financial year 2024-2025 was Kshs. 23,098,055.

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The actual received revenue from County Government was Kshs. 17,055,753 comprising;

- Revenue from services rendered -Kshs. 15,914,954
- Operational grant -Kshs. 1,140,799

The County Department of Medical Services and Public Health also continued to provide in kind support to the hospital in purchase of drugs, non-pharmaceuticals, medical equipment's, payment of casual workers' wages and utility bills.

○ **Utilisation of Funds.**

The total expenditure for the financial year 2024/2025 was Ksh. 15,974,527 shared as follows;

<b>Item</b>	<b>Amount spent</b>
Medical/Clinical costs	8,355,504
Employee costs	631,905
Board of management	163,500
Repairs and maintenance	1,175,383
General expenses	5,648,235
Total	15,974,527

In the Financial year ending 30th June 2025, the hospital had no pending bills.

## **10. Environmental and Sustainability Reporting**

### **i) Sustainability strategy and profile**

Ihururu Treatment and Rehabilitation Hospital is a healthcare institution focused on providing high-quality treatment and rehabilitation services for mental health, addiction, and physical ailments in Kenya. The hospital serves a diverse population, especially those from underprivileged communities, with the overarching mandate of improving public health. Its sustainability strategy is centered on maintaining operational efficiency, enhancing environmental stewardship, fostering employee well-being, and practicing ethical marketplace behaviour to ensure the long-term provision of healthcare services. This holistic approach allows the hospital to remain resilient in an ever-changing political and macroeconomic environment, ensuring continued service delivery to the community.

Sustainability for the hospital means the ability to offer long-term, uninterrupted healthcare services. The institution's management, particularly the accounting officer, plays a vital role in overseeing sustainable financial practices and ensuring that the hospital adapts to broader political and macroeconomic trends. This includes leveraging international best practices to align with healthcare sustainability goals. Through environmental and social policies, financial prudence, and continuous improvements in internal systems, the hospital aims to provide consistent healthcare services to the citizens of Kenya.

### **ii) Environmental performance**

Ihururu Treatment and rehabilitation hospital is guided by an environmental policy that emphasises sustainable resource management, pollution reduction, and environmental conservation. This policy aligns with both national environmental regulations and international standards such as ISO 14001. Key aspects of the policy include waste management, energy efficiency, and water conservation.

Efforts to manage biodiversity include the planting of trees around the hospital grounds and participating in national reforestation programs. The hospital is also exploring eco-friendly packaging for medical supplies to further reduce its environmental footprint. Future plans involve

developing a comprehensive strategy to manage the environmental impact of its healthcare services, particularly the disposal of medical waste.

**iii) Employee welfare**

The hospital strives to safeguard employee welfare. There is no human resource department at the hospital but the hospital management ensures that staff welfare is well catered for in accordance with the existing legal and policy framework.

The hospital's management, with the authority of the Nyeri County Public Service Board, engages casual workers periodically for three months. However, staff on the county government payroll are assigned to the facility by the Nyeri County Government Department of Health Services and the County Public Service Board.

**iv) Market place practices-**

**a) Responsible competition practice.**

The hospital has an anti-corruption committee that meets on a quarterly basis to assess the hospital's ethical and procedural internal controls and makes recommendations on the same.

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

Guided by the Facility Improvement Fund regulations of 2019 and the Nyeri County Health Services Fund regulations of 2021, the hospital is able to meet its obligations to its suppliers within its budgetary allocations. The hospital is also guided by the procedures and legal requirements outlined by the Public Procurement and Asset Disposal Act 2015.

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

The hospital periodically carries out outreach programs to the surrounding community and the entire county to familiarise residents on its services.

**d) Product stewardship or Awareness Creation**

During the financial year 2024/2025, the management procured medical drugs and laboratory materials from the Kenya Medical Drugs Authority and Mission for Essential Drugs and Supplies. This was to ensure that these sensitive products met all the required standards. Any other product

that was not available from the above 2 suppliers was sourced from duly prequalified suppliers with full compliance to the PFM act.

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

Under the supervision of the Nyeri County Department of Health Services, the hospital has effectively held mental health outreaches around the county

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

The board members submit their report together with the financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

### **Principal activities**

The principal activities of the entity are to offer curative, rehabilitative and preventive health services to all Kenyans.

### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 8

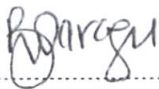
### **Board of Management**

The members of the Board who served during the year are shown on page vii. During the year, no director(s) retired/ resigned, and the director (s)were appointed this financial year and are currently serving their first terms.

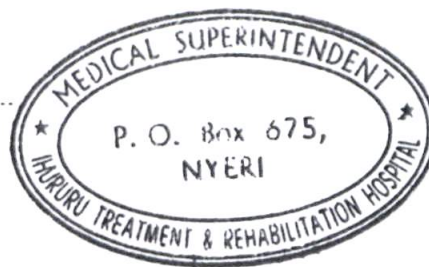
### **Auditors**

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

By Order of the Board



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

The Board of Management is responsible for the preparation and presentation of the *hospitals*'s financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) Safeguarding the assets of the *hospital*
- (v) Selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *Hospitals*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and other existing financial regulations. The Board members are of the opinion that the *hospitals*'s financial statements give a true and fair view of the state of *hospitals*'s transactions during the financial year ended June 30, 2025, and of the *hospitals*'s financial position as at that date. The Board members further confirm the

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


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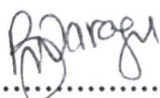
completeness of the accounting records maintained for the *hospital*, which have been relied upon in the preparation of the *hospital's* financial statements as well as the adequacy of the systems of internal financial control.

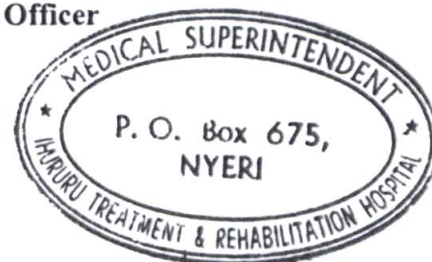
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 20-11-2025 and signed on its behalf by:

  
.....  
**Dr. Robert Ngunjiri**  
**Chairperson**  
**Board of Management**

  
.....  
**Beatrice Baragu**  
**Accounting Officer**



# REPUBLIC OF KENYA



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

## **REPORT OF THE AUDITOR-GENERAL ON IHURURU TREATMENT AND REHABILITATION HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYERI**

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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 Ihururu Treatment and Rehabilitation Hospital set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ihururu Treatment and Rehabilitation 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 Nyeri County Health Services Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unverified Opening Balances**

It was observed that the Hospital reported comparative balances from prior year financial statements. However, this is the first year of the Hospital is presenting their financial statements for audit.

In the circumstances, the accuracy and fair presentation of the opening balances could not be confirmed.

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

The statement of financial position reflects property, plant and equipment balance of Kshs.0 (zero). However, the Hospital has movable and non-movable assets of undetermined value relating to land, buildings, furniture and fittings and ICT equipment which were not disclosed in the financial statement.

In the circumstances, the validity and accuracy of the Nil balance of property, plant and equipment could not be confirmed.

#### **3. Inaccuracies in the Capital Fund**

The statement of financial position as at 30 June, 2025 reflects a capital fund balance amount of Kshs.2,220,244. However, documentation and information on the makeup and composition of the amount was not provided for audit.

In the circumstances, the accuracy and validity of the capital fund amount of Kshs.2,220,244 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ihururu Treatment and Rehabilitation 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 of Kshs.18,117,477 and Kshs.20,580,157 respectively resulting to an over-performance of Kshs.2,462,680 or 114% of the budget. Similarly, the Hospital spent a balance of Kshs.15,974,527 against actual receipts of Kshs.20,580,157 resulting to an under-utilization of Kshs.4,605,630 or 22%.

The over-performance and underutilization imply that the budget making process was not credible. Further, the budget was based on the actual collections for the year and not on estimates at the beginning of the financial year.

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, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Board of Management is responsible for the Other Information set out on page iii to xxxii which comprise of Key Entity Information and Management, The Board of Management, 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 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. Review of Quarterly Financial Reports**

The audit revealed that the Hospital did not prepare Quarterly reports and Financial Statements, nor submitted them 15 days after the end of each quarter to the County Treasury. This is contrary to Section 83 of the Public Finance Management Act, 2012 clause 1-3 stipulates that, the accounting officer shall prepare quarterly reports for government entities not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the National Treasury. Further, Section 166 of the Public Finance Management Act, 2012 stipulates that in preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report contains information on the financial and non-financial performance of the entity.

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

### **2. Employees on Long Periods of Casual Employment**

The statement of financial performance and Note 8 to the financial statements reflects a balance of Kshs.2,845,728 relating to employee costs. These amounts were in respect of casual salaries, wages and allowances to twenty-four (24) casuals. Review of the Muster roll and payment details revealed that the casuals had been engaged continuously for more than twelve (12) months without a formal contract of service. This is contrary Section 37(1)(a-b) of the Employment Act CAP 226 states that notwithstanding any provisions of this Act, where a casual employee who works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and Section 35(1)(c) shall apply to that contract of service.

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

### **3. Compliance with Law and Effectiveness of Upgrade of Hospitals**

Review of the Hospital records and interview with management on services offered, and medical specialists available, revealed that it did not meet the requirements of Kenya Quality Model for Health Policy Guideline due to deficits. Further, the Hospital lacked the optimal equipment and machines outlined in the Health Policy Guidelines.

In the circumstances, the Hospital may not deliver expected optimal services to the public.

### **4. Non-Compliance with Public Procurement Capacity Building Levy Order, 2023**

The Hospital Management did not cause to be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract,

exclusive of applicable taxes contrary to Paragraph 5&6 of Public Procurement Regulatory Authority Circular No 01/2024. Further, the Management did not remit the Levy amounts to the Authority through the eCitizen payment platform by the 20th day of the subsequent month. In addition, the hospital did not file monthly returns by the 20th day of the subsequent month on all levy amounts deducted and remitted to the Authority through the Public Procurement Information portal contrary to Paragraph 5 and 6 of Public Procurement Regulatory Authority Circular No 01/2024.

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

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

Review of revenue records revealed that the Hospital collected a total of Kshs.23,098,055 towards the health facilities improvement which include a total of Kshs. 23,098,055 that was transferred to County Revenue Fund. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate facility improvement financing account.

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. Information and Communication Technology (ICT) Internal Control Measures**

The audit of IT - internal controls measures revealed the following were not in place as at the time audit in the month of October, 2025.

- i. IT Sec to ensure data confidentiality, integrity and availability of it policy
- ii. Fire suppression systems and Humidity temperature control for environmental control
- iii. Approved disaster policy
- iv. Approved back up and retention plan
- v. Secure offsite storage facility to enable organization recover from disaster.

- vi. List of active users on the system for accountability purpose.
- vii. IT Strategic committee so that IT governance to be adequate
- viii. Active IT committee
- ix. Program for training and transfer of skills
- x. Back-up generator

In the circumstances, the existence and effectiveness of the ICT internal controls could not be confirmed.

## **2. Lack of Crucial Documents for Effective Internal Controls**

The Hospital was officially upgraded to Level 4 in October, 2023. However, as at the time of audit which was carried out in October, 2025, it did not have crucial policies and procedures to guide its operations such as strategic plan, fraud policy, operational procedures (finance, procurement, HR) and organization structure. In addition, Hospital did not have internal audit function as no reports were provided for audit.

In the circumstances, the existence and effectiveness of an internal assurance on controls, risk management and governance system could not be confirmed.

## **3. Incomplete Asset Register**

Review of the assets register provided for audit revealed that details such as the date/year of purchase, historical cost, categories of assets and additions during the year were not indicated as required. Further the asset register had not been updated.

In the circumstances, the existence and effectiveness of an asset management system could not be confirmed.

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

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

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

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

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

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

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

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

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

**05 December, 2025**

*Ihururu Treatment and Rehabilitation Level 4 Hospital (Nyeri County Government)  
Annual Report and Financial Statements for The Year Ended 30th June 2025*

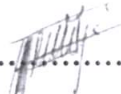
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	1,140,799	1,821,670
In-kind contributions from the County Government	7	4,886,483	5,769,207
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	23,098,055	8,208,782
<b>Total revenue</b>		<b>29,125,337</b>	<b>15,799,659</b>
<b>Expenses</b>			
Medical/Clinical costs	9	8,355,504	4,135,843
Employee costs	10	631,905	240,000
Board of Management Expenses	11	163,500	156,000
Repairs and maintenance	12	1,175,383	728,570
Grants and subsidies	13	8,545,180	5,769,207
General expenses	14	5,648,235	1,289,192
<b>Total expenses</b>		<b>24,519,707</b>	<b>12,318,812</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>4,605,630</b>	<b>3,480,847</b>

*Ihururu Treatment and Rehabilitation Level 4 Hospital (Nyeri County Government)*  
*Annual Report and Financial Statements for The Year Ended 30th June 2025*

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The Hospital's financial statements were approved by the Board on 20-11-2025 and signed on its behalf by:

  
.....

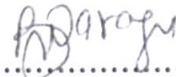
**Chairman**

**Board of Management**

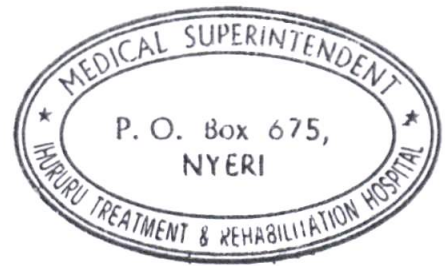
*Abah*  
.....

**Head of Finance**

**ICPAK No: 34434**

  
.....

**Medical Superintendent**




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


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	4,564,044	3,482,818
Receivables from exchange transactions	17	3,524,404	-
Inventories	18	2,220,244	2,985,430
<b>Total Current Assets</b>		<b>10,308,692</b>	<b>6,468,248</b>
<b>Non-current assets</b>			
			-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets (A)</b>		<b>10,308,692</b>	<b>6,468,248</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		-	-
<b>Total Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Net assets (A-B)</b>		<b>10,308,692</b>	<b>6,468,248</b>


*Ihururu Treatment and Rehabilitation Level 4 Hospital (Nyeri County Government)  
Annual Report and Financial Statements for The Year Ended 30th June 2025*

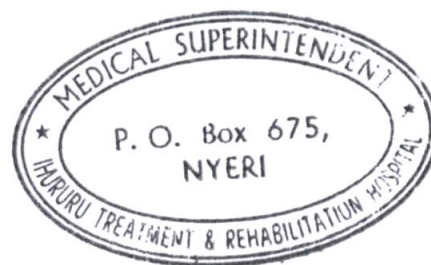
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		8,088,448	3,482,818
Capital Fund		2,220,244	2,985,430
Net Assets		10,308,692	6,468,248

The Hospital's financial statements were approved by the Board on 20-11-2025 and signed on its behalf by:

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

  
.....  
**Head of Finance**  
**ICPAK No: 34434**

  
.....  
**Medical Superintendent**



**16. 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</b>	-	1,971	-	1,971
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,480,847	-	3,480,847
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024</b>	-	3,482,818	-	3,482,818
<b>At July 1, 2024</b>	-	3,482,818	-	3,482,818
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	4,605,630	-	4,605,630
Capital/Development grants	-	-	-	-
<b>At June 30, 2025</b>	-	8,088,448	-	8,088,448

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	1,140,799	1,821,670
Rendering of services- Medical Service Income		15,914,954	8,208,782
<b>Total Receipts</b>		<b>17,055,753</b>	<b>10,030,452</b>
<b>Payments</b>			
Medical/Clinical costs	9	8,355,504	4,135,843
Employee costs	10	631,905	240,000
Board of Management Expenses	11	163,500	156,000
Repairs and maintenance	12	1,175,383	728,570
General expenses	14	5,648,235	1,289,191
<b>Total Payments</b>		<b>15,974,527</b>	<b>6,549,604</b>
<b>Net cash flows from operating activities</b>		<b>1,081,226</b>	<b>3,480,847</b>
<b>Cash flows from investing activities</b>			
			-
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,081,226</b>	<b>3,480,847</b>
Cash and cash equivalents as at 1 July		3,482,818	1,971
<b>Cash and cash equivalents as at 30th June</b>		<b>4,564,044</b>	<b>3,482,818</b>

*Ihururu Treatment and Rehabilitation Level 4 Hospital (Nyeri County Government)  
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**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
<b>Receipts</b>						
Transfers from the County Government	1,140,799	-	1,140,799	1,140,799	-	100%
Rendering of services- Medical Service Income	11,236,201	5,740,477	16,976,678	19,439,358	-2,462,680	115%
<b>Total receipts</b>	<b>2,377,000</b>	<b>5,740,477</b>	<b>8,117,477</b>	<b>20,580,157</b>	<b>-2,462,680</b>	<b>114%</b>
<b>Payments</b>						
Medical/Clinical costs	6,859,670	2,607,877	9,467,547	8,355,504	1,112,043	88%
Employee costs	-	631,905	631,905	631,905	-	100%
Board of management	92,500	71,000	163,500	163,500	-	100%
Repairs and maintenance	1,616,855	127,445	1,744,300	1,175,383	568,917	67%
General expenses	3,807,975	2,302,250	6,110,225	5,648,235	461,990	92%
<b>Total Operational Expenditure paid</b>	<b>12,377,000</b>	<b>5,740,477</b>	<b>18,117,477</b>	<b>15,974,527</b>	<b>2,142,950</b>	<b>88%</b>
<b>Capital Expenditure paid</b>	-	-	-	-	-	
<b>Surplus for the period</b>	-	-	-	-	<b>-4,605,630</b>	
<b>Reconciliation</b>						
Surplus as per performance					4,605,630	
Less Receivables						
Add back depreciation						
Surplus for the period					<b>4,605,630</b>	

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

### **1. General Information**

Ihururu Treatment and Rehabilitation Hospital is established by and derives its authority and accountability from Nyeri County Health Services Act. The entity is wholly owned by the Nyeri County Government and is domiciled in Nyeri County in Kenya. The entity's principal activity is to promote and provide quality integrated preventive, promotive, curative, rehabilitative and palliative services to restore physical and mental health for all clients with Alcohol and other Substance use disorders.

### **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 47- Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 48- Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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 &	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:

Standard	Effective date and impact:
Evaluation of Mineral Resources	<ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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>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.

**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.

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on ~~xxxx~~. There were no Subsequent revisions or additional appropriations made to the approved budget. 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. 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.

### *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.

#### **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.

### *Financial liabilities*

#### **Classification**

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

**d. 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.

**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.

**e. 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 Co-operative Bank of Kenya.

**f. Comparative figures**

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

**g. Subsequent events**

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

**6. Transfers from the County Government**

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	1,140,799	1,610,186
<b>Conditional grants</b>		
DANIDA		211,483
<b>Total government grants and subsidies</b>	<b>1,140,799</b>	<b>1,821,669</b>

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

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	2,213,823	1,793,769
Medical supplies-Drawings Rights (KEMSA)	0	-
Pharmaceuticals and Non-Pharmaceutical Supplies	2,196,204	2,948,565
Medical equipment's	35,128	-
Utility bills	441,328	1,026,873
<b>Total grants in kind</b>	<b>4,886,483</b>	<b>5,769,207</b>

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Quarter 1	3,240,180	180,000
Quarter 2	3,288,028	2,250,000
Quarter 3	3,390,344	3,304,432
Quarter 4	9,655,099	2,474,350
Medical services receivables	3,524,404	-
<b>Total revenue from the rendering of services</b>	<b>23,098,055</b>	<b>8,208,782</b>

**9. Medical/ Clinical Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Medical Drugs	975,706	148,532
Dressings and Non pharm	210,187	94,752
Lab materials supplies & small equipment	252,278	41,467
Food and Ration	6,505,783	3,662,045
Sanitary & Cleaning materials	371,150	189,047
Medical equipment	40,400	0
<b>Total medical/ clinical costs</b>	<b>8,355,504</b>	<b>4,135,843</b>

**10. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	631,905	240,000
<b>Employee costs</b>	<b>631,905</b>	<b>240,000</b>

**11. Board of Management Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting & Travel allowance	163,500	156,000
Accommodation allowance		
<b>Total</b>	<b>163,500</b>	<b>156,000</b>

**12. Repairs And Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	591,453	574,870
Medical equipment	9,340	1,000
Furniture and fittings	7,400	900
Computers and accessories	464,800	151,800
Plant, machinery & Equipment	76,100	-
lighting Equipments	26,290	-
<b>Total repairs and maintenance</b>	<b>1,175,383</b>	<b>728,570</b>

**13. Grants And Subsidies**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	2,213,823	1,793,769
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies	2,196,204	2,948,565
Medical equipment's	35,128	-
Utility bills-	441,328	1,026,873
Fund administration & Level 2&3)	3,658,697	-
<b>Total grants and subsidies</b>	<b>8,545,180</b>	<b>5,769,207</b>

**14. General Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	329,019	-
Water and Sewerage	301,990	58,010
Gas expenses	1,130,740	414,050
Telephone telex&mobile phones	172,939	101,830
Internet connections	133,834	-
Domestic accomodation	29,680	-
Daily Subsistence	982,050	403,815
Publishing& printing services	634,159	49,557
Advertising Awareness and Publicity	78,875	-
Catering Services	45,374	114,040
Boards Committees conferences & seminars	200,400	-
Fungicides &Pesticides	6,600	12,070
Workshop Tools,spares and small	24,370	-
Agriculture Materials and Small Equipment	29,030	-
Staff uniforms	40,000	-
Beddings and Linen	9,470	-
Purchase of Safety Gear	7,200	-
General Office Supplies	246,670	100,715
Refined fuels and lubricants for transport	125,000	-
Refined fuels and lubricants -Other	0	3,100
Other fuels	110,500	14,800
Bank service commission& charges	8,795	2,310
Contracted Guards and Cleaning Services	416,660	0

Description	2024-2025	2023-2024
	Kshs	Kshs
Household and institutional appliances	48,480	14,895
Office furniture and fittings	129,400	-
Computers printers& others	407,000	-
<b>Total General Expenses</b>	<b>5,648,235</b>	<b>1,289,192</b>

**15. Medical Services Contracts Gains /Losses**

Description	2024-2025	2023-2024
	KShs	KShs
Linda Mama Program		
Waivers and Exemptions	96,422	-
<b>Total Gain/Loss</b>	<b>96,422</b>	<b>-</b>

**16. Cash And Cash Equivalents**

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	4,564,044	3,482,818
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalents</b>	<b>4,564,044</b>	<b>3,482,818</b>

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Co-operative bank	0114151192540	1,505,783	3,909,622
<b>b) Others</b>			
cash in hand			
Mobile money- Mpesa.			
<b>Sub- total</b>			
<b>Grand total</b>		<b>1,505,783</b>	<b>3,909,622</b>

Restricted cash-Mpesa Balance of kshs.2,085

The MPESA balance held is restricted cash as we are not allowed to use any money at source by the Nyeri Health Services Fund Act and the amount is transferred midnight to the Fund

**17. Receivables From Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	3,524,404	-
<b>Total receivables</b>	<b>3,524,404</b>	<b>-</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024-2025		2023-2024	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	3,524,404	100%		100%
Between 1- 2 years	-	-		-
<b>Total (a+b)</b>	<b>3,524,404</b>	<b>100%</b>		<b>%</b>

18. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	1,174,602	2,769,450
Non pharm supplies	586,198	-
laboratory supplies	180,504	-
Food supplies	93,950	187,060
Sanitary and cleaning supplies	52,150	-
Computer accessories	101,500	-
General supplies	31,340	28,920
<b>Total</b>	<b>2,220,244</b>	<b>2,985,430</b>

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**19. 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 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation for the 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
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
<b>As At 30 June 2024</b>		-	-	-	-	-	-	-	-
At July 1 2024		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>		-	-	-	-	-	-	-	-
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025	-	-	-	-	-	-	-	-	-

**20. Cash Generated from Operations**

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	4,605,630	3,480,847
<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>		
Increase in inventory	-	-
Increase in receivables	3,524,404	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>1,081,226</b>	<b>3,480,847</b>

## 21. 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 2024</b>				
Receivables from exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025</b>				
Receivables from exchange transactions	3,524,404	3,524,404	3,524,404	-
Bank balances	-	-	-	-
<b>Total</b>	<b>3,524,404</b>	<b>3,524,404</b>	<b>3,524,404</b>	-

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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 Social Health Authority. 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.

**(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.

**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.

**22. Events after the Reporting Period**

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

**23. Ultimate and Holding Entity**

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

**24. Currency**

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

**20. Appendices**

**Appendix I: 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							

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

Name of Transferring entity: ..... **NYERI COUNTY GOVERNMENT** .....

Name of Beneficiary entity: ..... **IHURURU TREATMENT AND REHABILITATION LEVEL 4 HOSPITAL** .....

Confirmation of amounts received by [Ihururu Treatment and Rehabilitation Hospital] as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
B240969	13/08/2024	3,433,082	0	3,433,082	
B240883	27/08/2024	47,715	0	47,715	
B246602	10/09/2024	602,899	0	602,899	
B246819	06/11/2024	3,240,180	0	3,240,180	
B246985	04/12/2024	248,960	0	248,960	
B246986	04/12/2024	288,940	0	288,940	
B248588	03/02/2025	2,551,510	0	2,551,510	
B248802	25/04/2025	2,630,907	0	2,630,907	
B248922	25/06/2025	3,986,820	0	3,986,820	
<b>Total</b>		<b>17,031,013</b>		<b>17,031,013</b>	

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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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