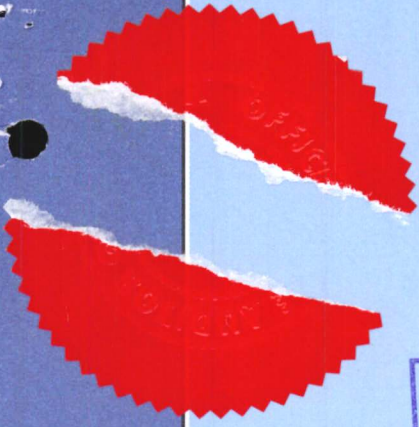
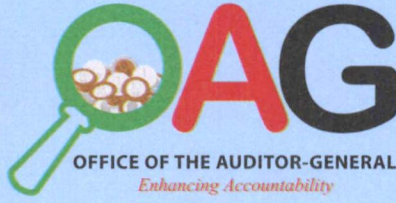


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REPORT

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OF

THE AUDITOR-GENERAL

ON

OLENGURUONE LEVEL 4 SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2025

PAPERS LAID	
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COUNTY GOVERNMENT OF NAKURU

371



OLENGURUONE SUB-COUNTY HOSPITAL (NAKURU COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

ANC	Antenatal Clinic
CECM	County Executive Committee Member
CGN	County Government of Nakuru
CME	Continuous Medical Education
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
EMR	Electronic Medical Records
Fiduciary Management	Key management personnel who have financial responsibility in the Hospital.
HMC	Hospital Management Committee
HMT	Hospital Management Team
IFAS	Iron and Folic Acid Supplementation
IPC	Infection Prevention Control
MCA	Member of County Assembly
MED SUP	Medical Superintendent
MOPC	Medical Outpatient Clinic
NHIF	National Health Insurance Fund
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
PMTCT	Prevention of Mother to Child Transmission
PWD	Persons With Disability
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
TB	Tuberculosis
UoN	University of Nairobi
URTI	Upper Respiratory Tract Infection

2. Key Entity Information and Management

(a) Background information

Olunguruone Sub-County Hospital, established in the 1950s and upgraded to a Level 4 facility under Gazette Notice No. 7619 of 2021, is located along the Molo–Olunguruone Road through the western Mau Forest in Nakuru County. Occupying 10.52 hectares (25 acres) and governed by a Board of Management, it serves a predominantly rural and semi-urban population, receiving referrals from neighbouring public (Levels 1–3) and private facilities, and functions as one of two primary care network hubs in Kuresoi South

(b) Principal Activities

The hospital envisions **A Healthy County** with the **Mission statement:** To provide integrated quality health services for all.

The services offered include:

- ✓ Maternal Child Health
- ✓ Family Planning
- ✓ Radiology (Ultrasound and X-ray)
- ✓ Curative Services (outpatient and inpatient)
- ✓ Rehabilitative Services (physiotherapy and occupational therapy)
- ✓ HIV Care
- ✓ Maternity Services
- ✓ Laboratory Services
- ✓ Mortuary Services
- ✓ Dental Services

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management/Departmental Heads

(d) Fiduciary Management

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

Olunguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

No.	Designation	Name
1.	Medical Superintendent	Dr. Vincent Mengich
2.	Nursing officer in charge	Mr. Ruto Benard
3.	Hospital Pharmacist	Dr. Simon Kigoro
4.	Hospital Accountant	Jackline Kimetto
5.	Procurement Officer	Jacquiline Chebet

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

(i) The County Assembly

Pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1), the county assembly has fiduciary oversight role over the execution of the functions of the County Government. It approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

(ii) The Controller of Budget

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that it is authorized by law.

(iii) County Executive Committee

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

(iv) Internal Auditor Department

The internal Audit Department of the County Government of Nakuru ensures that the internal controls exist and are adhered to.




Key Entity Information and Management (continued)

- (f) **Olenguruone Sub-County Hospital**
P.O. Box 21- 20152
Olengurune.
Molo-Olenguruone Road,
Nakuru, Kenya
- (g) **Olenguruone Hospital Contacts**
Telephone: (+254) 774 938147
E-mail: olenguruonesdhospital@gmail.com
Website: <https://nakuru.go.ke/>
- (h) **Hospital Bank(s)**
National Bank,
Head Office, National Bank Building
Harambee Avenue
P.O. Box: 72866 -00200
Nairobi, Kenya
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) **County Attorney**
The County Attorney
New Town Hall Building
Moi Road
P.O. Box. 2870-20100
Nakuru, Kenya





3. The Board of Management

The Board of Directors were changed in November 24th, 2023 following the new appointments by the County Executive Committee Member vide Gazette Notice Vol.CXXV-No.249


The newly appointed members as follows:

No	Directors	Details
1.	 Eng. Joseph M. Rop	<p>Eng. Joseph M. Rop, 66 years old, serves as the Chairperson of the board. He holds a Higher National Diploma in Civil Engineering from Mombasa Polytechnic University College (1993) and an Honorary Doctorate in Leadership from Northwestern Christian University (Kenya). He has a vast experience of 38 years in public service as the in-charge of roads both at the then provincial level and later the sub-regional level. Independent board member.</p>
2.	 Nicholas Kiplang'at	<p>Nicholas Kiplang'at 41 years, holds a Bachelor of Arts degree in Communication and Linguistics. He has gained experience in the banking sector at Barclays Bank (2010-2012) and in media with Nation Media Group (2012-2015). He later transitioned to public service, working with the County Government of Nakuru in the Health Department as an Administrator (2015-2022) and currently serving as the Public Service Management (PSM) Officer since 2022. Nicholas is also the Kuresoi South Sub-County Administrator in the Health Department and serves as an Ex-Officio member of the board. Independent board member.</p>
3.	 Kipyegon Korir	<p>Kipyegon Korir, age 50years, holds a Diploma in Nursing from St. Clare; Kaplong School of Nursing, 1999. He is currently serving as the Sub County Team Lead for Kuresoi South. Independent board member.</p>
4.		<p>Chepkoske Auralia, aged 45, is a businesswoman with KCSE qualifications, serving as the Women Groups</p>





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	 <p>Chepkoske Auralia</p>	<p>Representative on the board. Independent board member.</p>
5.	 <p>John Cheruiyot</p>	<p>John Cheruiyot, 63, holds a degree in Marketing from Methodist University (2012). He serves as the Faith-based Organizations Representative on the board. Cheruiyot is the chairman of the Catholic Associations of Kenya and has previously held the positions of treasurer and secretary general within the organization. Additionally, he is a member of the Elders of the Church at St. Kizito Catholic Church and is the former chairman of St. Kizito Primary School. Independent board member</p>
6.	 <p>Japheth Kirui</p>	<p>Japheth Kirui is a PWD Representative with KCSE Qualifications. Independent board member.</p>
7.	 <p>Chepkoech Jackline</p>	<p>Chepkoech Jackline, 25 years old, holds a Diploma in Logistics and Procurement from Laikipia University, obtained in 2017. She has experience working as an Accountant and Cashier at Autoburg International Company. Additionally, she served as the Coordinator for the Nakuru County Students Caucus and is the founder of the Girl for Girl Foundation. Currently, she is the Youth Representative on the board. Independent board member.</p>

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8.	Area MCA Hon Robert Lang'at	Ex- Officio Member. Independent board member.
9.	 <p>Dr. Vincent Mengich</p>	<p>Dr. Vincent Mengich, age 31years, is the Medical Superintendent at Olunguruone Sub-County Hospital. He holds a degree in Medicine and Surgery from University of Nairobi (2020). With 3 years of experience as a medical officer, he currently serves as the Secretary to the Board but not a member of ICS (Institute of certified secretaries)</p>


4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Vincent Mengich is the medical superintendent at Olunguruone Sub-County Hospital. He holds a degree in Medicine and Surgery (University of Nairobi).</p>	Medical Superintendent
2.	 <p>Mr. Benard Ruto Bachelor of science in nursing (Methodist University), Masters in leadership and management (Kenya university)</p>	Nursing Officer in Charge
3.	 <p>Dr. Simon Kigoro Bachelor of pharmacy (Kenya University) Masters of Clinical Pharmacy (University of Nairobi).</p>	Head of Pharmacy Department
4.	 <p>Jackline Kimetto attained Bachelor of Business Management (accounting option) from Moi University. She is also a Certified Public Accountant, CPA (K).</p>	Accountant

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5.		Jacquiline Chebet is the procurement officer and holds a Bachelor of Business Management (purchasing and supplies option)	Procurement Officer
6.		Dr. Linda Kosgei Bachelor of Medicine and Bachelor of Surgery (2020) from Egerton University.	Medical Officer
7.		Kipsang Lang'at Diploma in Diagnostic Radiography (2002) KMTC Nairobi. HND ultrasound (2023) KMTC Kisumu.	Head of Radiology Department
8.		Perpetua Chepkoech Diploma in nutrition and dietetics management from Rift Valley Institute of Science and Technology, 2017.	Head of Nutrition Department
9.		Elizabeth Maritim Diploma in Environmental Health Science from KMTC Nakuru, 2014.	Head of Public Health Department
10.		Risper Kirui Diploma in Clinical Medicine (KMTC Portreitz, 2004); Bachelor in Science-Environmental Health (Mount Kenya University, 2013)	Clinical Officer in Charge

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12.		Benard Yegon KCSE (2011); Computer Applications from Gignet Technologies (2012)	Head of SHIF Department
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5. Chairman's Statement

It is my privilege to present the Olenguruone Sub-County Hospital Annual Report and Financial Statements for the year 2024/2025. The Board of Management is proud of the strides made over the year, which continue to position our facility as a leading healthcare provider in Kuresoi South.

Established in the 1950s as a dispensary, Olenguruone Sub-County Hospital has grown into a Level 4 facility, officially classified in 2017 by the Kenya Medical Practitioners and Dentists Board (KMPDB), the National Hospital Insurance Fund (NHIF), and the County Department of Health. Located along the Molo–Olenguruone Road through the western Mau Forest, the hospital occupies 10.52 hectares (25 acres), a quarter of which is developed. With a 30-bed capacity across Children's, Male, Female, and Maternity Units, the hospital operates both a major theatre—handling procedures such as Caesarean sections—and a minor theatre. On average, we serve 20 inpatients and 60 outpatients daily, with an average of 129 deliveries per month, 13% of which are by Caesarean section.

Our range of services includes Maternal and Child Health, Family Planning, Radiology (X-ray and ultrasound), Curative (outpatient and inpatient), Rehabilitative care, HIV services, Maternity care, Laboratory services, Dental services, and Mortuary services. We serve a predominantly rural and semi-urban catchment area, receiving referrals from neighboring public (Levels 1–3) and private facilities. Funding is derived from SHIF rebates and reimbursements, SHA capitation, Medical Administrator insurance (MAKI) reimbursements, and user fees.

Despite ongoing staff shortages affecting the wider Nakuru County, our dedicated team continues to deliver quality care with remarkable resilience. These challenges, while significant, present opportunities for growth and service improvement.

On behalf of the Board, I wish to express our heartfelt appreciation to all stakeholders—especially the County Government of Nakuru and our various partners—for their unwavering support. We are encouraged by the ongoing construction of the Outpatient Complex, which began in 2020, and eagerly anticipate its completion to relieve congestion in the current outpatient department. We are also committed to seeing the stalled surgical unit completed, which will expand our surgical capacity.

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Looking forward, we are exploring the establishment of a Kenya Medical Training College (KMTC) on our unused land, as well as upgrades to our mortuary, including installing a gate and perimeter fence. These developments will strengthen our capabilities and align Olenguruone Sub-County Hospital with other high-performing facilities in the region.

To the staff, team leaders, and fellow Board members—thank you for your dedication, commitment, and embodiment of the mission and vision of Nakuru County. Together, we will continue to advance healthcare access and quality for our community.



.....
Joseph Rop

Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present the Annual Report and Financial Statements for Olenguruone Sub-County Hospital for the year 2024/2025. This report outlines our operational and financial performance, key achievements, and the challenges faced over the year.

Operational Performance

Olenguruone Sub-County Hospital provides a wide range of services, including preventive care, curative (inpatient and outpatient), maternity, and specialized clinics. Our dedicated staff continue to deliver quality services despite persistent staffing shortages, consistently going above and beyond to meet patient needs.

In 2024/2025, our outpatient workload totalled **23,230 visits** across multiple clinics, including MOPC, ANC, physiotherapy, TB, and dental services. We conducted **1,549 deliveries**, of which **209 (13.5%)** were Caesarean sections. There were **2,164 total admissions** with an average length of stay of three days, while ANC attendance reached **3,396 clients**.

A major milestone this year was the establishment of our **Dental Unit**, equipped with a state-of-the-art dental chair and modern instruments, significantly enhancing oral healthcare in Kuresoi. This department now serves an average of **30 clients weekly**.

The County Government of Nakuru provided essential support, particularly in the supply of pharmaceutical and non-pharmaceutical products, enabling uninterrupted quality service delivery. All departments operate 24 hours a day, except for the pharmacy and laboratory, which function on an on-call basis due to staffing constraints.

Financial Performance

For the year ending 30th June 2025, the hospital collected a total of **KES 20,565,188.40**, reflecting decline compared to the previous year's **KES 22,439,914.00**.

Challenges Faced

1. **Resource Constraints** – Limited resources have restricted investment in advanced technology and the maintenance of optimal staffing levels.
2. **Healthcare Staff Shortages** – Persistent shortages, particularly in laboratory and pharmacy departments, have affected service delivery. This year, the county posted four new technical staff: one laboratory technician, one biomedical engineer, one medical administrator, and one mortuary attendant.

3. **Infrastructure Maintenance** – Funding limitations have hindered the upkeep of facilities, with outstanding issues including a stalled surgical theatre, lack of a walkway to the mortuary, and an unfenced mortuary compound. The county has committed to addressing these matters.

The Way Forward

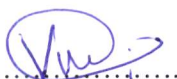
1. **Resource Mobilization** – We will continue to seek partnerships and funding to expand resources, invest in technology, and seal revenue leakages.
2. **Workforce Expansion** – We will sustain advocacy for increased staffing from the County Government of Nakuru.

Conclusion

Despite the challenges, Olenguruone Sub-County Hospital has made remarkable progress in advancing healthcare for our community. We remain committed to our mission of delivering integrated, high-quality health services for all and will continue working to overcome barriers to care.

Acknowledgments

We express our sincere gratitude to the County Government of Nakuru for their continued support, to our patients for their trust, and to all stakeholders contributing to our growth. Special thanks to our Facility Patron, **Roselyn Mungai**, County Executive Committee Member for Health. Long live Olenguruone!



Dr. Vincent Mengich

Secretary to Board

7. Statement of Performance Against Predetermined Objectives

Olenguruone has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2024/25.

These strategic pillars are as follows;

1. Clinical Service Delivery
2. Healthcare Financing and Sustainability
3. Leadership and Governance
4. Medical products, Vaccines and Technology

Olenguruone develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Service Delivery	To strengthen emergency preparedness	CME meetings	<ul style="list-style-type: none"> • Conduct CMEs on emergency preparedness • Avail emergency trays and drugs 	<ul style="list-style-type: none"> • CMEs done • Trays availed with daily checklist
	To enhance referral systems	Survey reports	<ul style="list-style-type: none"> • Implement referral guidelines • Assign referring nurse 	<ul style="list-style-type: none"> • Referral guidelines implemented 90% • One referral nurse assigned
	To provide more medical Equipment	<ul style="list-style-type: none"> • Asset register • Delivery Notes 	<ul style="list-style-type: none"> • Procure Assorted Medical Equipment 	<ul style="list-style-type: none"> • Assorted medical equipment including

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				dental , physiotherapy, surgical were acquired.
Healthcare Financing and Sustainability	To increase revenue Generation	<ul style="list-style-type: none"> • Revenue Reports 	<ul style="list-style-type: none"> • Review User Fee Charges • Increase Customer Base 	<ul style="list-style-type: none"> • Revenue improved compared to previous year • Review of user fees continuous and on progress
	Facilitate prudent Financial Management	<ul style="list-style-type: none"> • Financial Reports • % increase in Resource allocation to departments 	<ul style="list-style-type: none"> • Provide Mobile Payment Till Number • Strengthen use of financial and procurement policies and guidelines 	<ul style="list-style-type: none"> • Mobile payments in place and fully operational
Leadership and Governance	Enhance policy formulation, dissemination and implementation	<ul style="list-style-type: none"> • No of staff meetings • No of HMC meetings 	<ul style="list-style-type: none"> • Monthly staff meeting • Quarterly Board meeting • Implementation of strategic plan 	<ul style="list-style-type: none"> • Quarterly board meetings achieved

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Medical products, Vaccines and Technology	Strengthen coordinate and manage medical products supply chain	<ul style="list-style-type: none"> • % reduction on stock outs • Bin cards • Complete registers 	<ul style="list-style-type: none"> • Quarterly Forecasting • Prepare monthly and Annual Report • Prepare documentation of services provided 	<ul style="list-style-type: none"> • Forecasting done • Annual and monthly reports done • Stock outs reduced by 10%
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8. Corporate Governance Statement

The Hospital Management Committee works as the link between the hospital and the community it serves. It has the ultimate authority and responsibility for patient care and the overall quality of service in the hospital. To fulfil this responsibility, the Health Management Board has the obligation to demonstrate leadership in determining priorities for the hospital that are consistent with the available resources.

However, the HMC doesn't perform the actual day-to-day work of the hospital but sees to it that such work is done by delegating tasks and authority to the HMTs.

Membership

The HMC consists of 9 members as appointed by CECM, Health. A member of the committee, a part from the ex-officio, holds office for a period of three (3) years and is eligible for a one (1) further term of three (3) years.

To the extent feasible, Board members are residents of the Sub-County or work in the hospital's service area.

The current members were appointed in November 24th, 2023 by the County Executive Committee Member for Health vide Gazette Notice Vol.CXXV-No.249

The members are as follows:

<i>Chairperson</i> Joseph Rop	<i>Member with knowledge in Finance and Admin</i>
<i>Faith-based organizations</i> John Maritim	<i>Faith-based organizations Representative</i>
<i>Medical Superintendent</i> Dr. Vincent Mengich	<i>Secretary to the Board</i>
<i>Area Sub-County Admin</i> Nicholas Kiplang'at	<i>Ex- Officio member</i>
<i>Sub-County MOH</i> Kipyegon korir	<i>Sub-County MOH</i>
<i>Women Groups Representative</i> Chepkoske Auralia	<i>Women Groups Representative</i>
<i>PWD Representative</i> Japheth Kirui	<i>PWD Representative</i>
<i>Youth Representative</i> Chepkoech Jackline	<i>Youth Representative</i>
<i>Area MCA</i> Hon Robert Lang'at	<i>Ex- Officio Member</i>

Roles and Functions of the Board:

The roles and responsibilities of the Board includes:

- ✓ Establishing the Hospital’s strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ✓ Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- ✓ Providing oversight in financial reporting to the Government and communication to stakeholders.
- ✓ Ensuring availability of adequate resources for the achievement of the Hospital’s objectives.
- ✓ Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- ✓ Approving annual budgets.

The Board provides oversight to Management and ensures that staff operates within the Code of Conduct and Ethics.

Board Meetings and Attendance

The Health Management Board convenes once per quarter in each Financial Year unless it is a special Board (Four Full Board Meetings a year).

The attendance was as follows:

Name	Role	Attendance
Joseph Rop	Chairperson	4 out of 4
Nicholas Kiplang’at	Area Sub-County Admin	4 out of 4
Kipyegon korir	Sub-County MOH	4 out of 4
Dr. Vincent Mengich	Secretary	1 out of 4
Chepkoske Auralia	Women Groups Representative	4 out of 4
John Maritim	Faith-based organizations Rep	4 out of 4
Japheth Kirui	PWD Representative	4 out of 4
Chepkoech Jackline	Youth Representative	4 out of 4
Hon. Robert Lang’at	Ex- Officio	4 out of 4

Ethics and Conduct:

- The board upholds high ethical standards and a code of conduct that guides the behaviour of its members.

9. Management Discussion and Analysis

Here, we present an overview of the hospital's operational and financial performance from the past year. This includes details on key projects, compliance with statutory requirements, major risks, and other pertinent information.

Operational Performance:

Key Performance Indicator	2023/24	2024/25
Bed Capacity	30	30
Total admissions	2064	2164
Outpatient Workload	19,426	23,230
Average Length of Stay (days)	2.7	3.13

There was an increase in the number outpatients.

The top conditions during the year include but not limited to Pneumonia, URTI, Brucellosis, Amoebiasis and Arthritis/joint pains.

Deliveries conducted were 1549 with an average of 129 deliveries per month. Out of these, 1340 were normal while breech deliveries were 26. Caesarean sections were 209 representing 13 % of the total deliveries.

Of all the deliveries, the perinatal deaths were either macerated still birth, fresh still birth or any deaths which occurred within 7 days represented below.

Macerated Still Birth	16
Fresh Still Birth	14
Other Perinatal Death	11

Those attending ANC clinic had new attendees hitting 1027. Only 42% of them had at least 4 ANC visits. All the women attending ANC were issued with IFAS.

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Some of the surgical operations done including caesarean sections are shown in the table below.

SURGERY	NUMBER
Caesarean Section	209
Other Major surgeries	79
Total Cases	288

There was no maternity mortality during this financial year.

Financial Performance:

Financial Indicator	FY 2023/24 (Kshs.)	FY 2024/25 (Kshs.)
Cash	22,439,914.00	20,565,188.40
Total Expenses	16,605,103.05	23,561,218.55
Net Flow from operating activities	5,834,810.95	(2,996,030.15)

Relatively to the previous year, there was a decrease in revenue. The breakdown is as follows:

Source of Revenue	Amount
CAPITATION	2,994,094.40
LINDA MAMA	1,940,060.00
SHA&NHIF	6,225,297.00
MINET	1,673,004.00
CASH	7,670,613.00
OTHER DEBTORS	62,120.00
TOTAL	20,565,188.40

Trade Payable as at 30th June 2025 is **KES 6,680,065.00** a decline of previous financial year of **KES 11,564,339.00**

Key Projects and Investments:


- The Major outpatient construction work is still ongoing. Though it has taken long to be completed, the first phase is almost done with estimated 92% completion.

Compliance with Statutory Requirements:

- The hospital maintains full compliance with all regulatory and statutory requirements, including licensing, safety, and healthcare standards. This is evidenced by the compliance certificates and licenses.

Major Challenges Facing the Organization:

1. **Economic Uncertainty:** Revenue fluctuations and delays in reimbursements from the National Health Insurance Fund (NHIF) and Linda Mama contribute to financial instability.
2. **Staffing Challenges:** The hospital faces persistent staffing issues, with a limited number of dedicated staff struggling to maintain high-quality service. One particular department that didn't have staff at all is the Orthopaedics and Trauma Medicine.
3. **Debt:** The hospital is experiencing reducing debt burden, this is a result of prudent budgeting, maintaining budget ceilings and cutting costs on non-essentials.



.....
Dr. Vincent Mengich
Secretary to the Board

10. Environmental And Sustainability Reporting

Olenguruone Sub-County Hospital is dedicated to transforming lives, guiding our strategy with a focus on putting clients first, delivering high-quality health services, and enhancing operational excellence. Below is an overview of our policies and activities aimed at promoting sustainability:

i) Sustainability Strategy and Profile

The hospital shifted to use of briquettes (biomass fuel) for cooking. This initiative has significantly reduced air pollution and created a healthier working environment for our kitchen staff.

ii) Environmental Performance

Olenguruone Sub-County Hospital is dedicated to environmental sustainability and minimizing its ecological footprint. Our efforts include:

- **Energy Efficiency:** We aim to reduce energy consumption by turning off lights when not in use and adopting energy-efficient practices to improve hospital economics.
- **Water Conservation:** We are implementing low-flow taps and outlets to minimize water usage.
- **Waste Management:** We promote responsible waste management through recycling and proper disposal. Recyclable equipment and supplies are prioritized, and single-use plastics, such as syringes, are disposed of safely to protect the environment.
- **Waste Segregation:** The Infection and Prevention Control (IPC) committee, along with public health officers, encourages proper waste segregation using designated bins. Hospital waste is incinerated, and ash is disposed of in a designated pit.

iii) Employee Welfare

Ensuring employee welfare is crucial for delivering quality healthcare services. Our approach includes:

- **Equal Employment Opportunities:** We work with relevant stakeholders to ensure compliance with hiring practices and remuneration guidelines.
- **Professional Development:** Staff members are encouraged to take study leave and attend seminars and training for career advancement.
- **Performance Appraisal:** We conduct regular performance appraisals, with supervisors reviewing staff performance according to set timelines.
- **Compliance with OSHA:** We adhere to the Occupational Safety and Health Act of 2007 (OSHA) to ensure a safe working environment. Support staff are provided with appropriate protective gear, and incidents are reported, investigated, and addressed with corrective actions.

iv) Marketplace Practices

Maintaining ethical standards and fair competition is essential for a transparent healthcare environment.

Our practices include:

- **Anti-Corruption Measures:**
 - **Code of Conduct and Ethics:** All staff members adhere to a county-wide code of conduct that prohibits corruption and bribery.
 - **Vendor and Supplier Screening:** We use a pre-qualified list of suppliers to limit corrupt practices.
- **Fair Competition:**
 - **Fair Pricing and Billing:** We ensure transparent pricing and billing through an electronic records management system with preset service rates.
 - **Non-Discrimination:** We provide equal access to healthcare services for all patients, regardless of background, race, religion, or economic status.

We also prioritize good business practices and responsible supplier relationships. We follow a FIFO (First In, First Out) system for clearing supplier contracts and strive for timely payments despite financial constraints. Our procurement process is transparent to avoid favouritism.

a) Patient Rights and Interests

We are committed to safeguarding patient rights and interests to ensure quality care. This includes:

- **Confidentiality and Privacy:** We protect patient confidentiality and only share information with authorized individuals for medical purposes.
- **Informed Consent:** We obtain informed consent, either verbal or written, outlining the risks, benefits, and alternatives of medical procedures.
- **Access to Information:** Patients receive clear information about their health conditions and are promptly referred to specialists or other facilities when needed.

b) Corporate Social Responsibility / Community Engagement

Olunguruone Hospital actively participates in Corporate Social Responsibility (CSR) activities to benefit the community:

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- **Community Screening:** In collaboration with Community Health Promoters (CHPs), we provide free check-ups, vaccinations, and health education to improve access to healthcare and early disease detection in marginalized communities.
- **Health Education:** We conduct outreach programs in schools and communities to increase health literacy, promote healthier lifestyles, and reduce disease prevalence.
- **Partnerships:** Through collaborations with charitable organizations such as UTJ (Usaid Tujengee Jamii), we support vulnerable groups, including those with TB and HIV, by providing free medications, transportation, and home visits for additional support.

Olenguruone Sub-County Hospital remains committed to these sustainability and community engagement efforts to ensure a positive impact on both our patients and the environment.

11. Report of The Board of Management

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

Principal activities

The principal activities of Olenguruone Sub-County Hospital are to continue providing quality and affordable preventive, promotive, rehabilitative and curative health services in Kuresoi South.

Results

The results of Olenguruone Sub-County Hospital for the year ended June 30, 2025 are set out on pages 1 to 64.

Board of Management

The members of the Board who served during the year are shown on page vi to viii.

Auditors

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

By Order of the Board



.....
Dr. Vincent Mengich
Secretary to The Board

Date: *14/11/2025*

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

The Board of Management accepts responsibility for the Olenguruone Sub-County Hospital’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. The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of Olenguruone Sub-County Hospital ’s transactions during the financial year ended June 30, 2025, and of the hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the Olenguruone Sub-County Hospital’s financial statements as well as the adequacy of the systems of internal financial control.

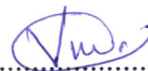
Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 14/11/2025 and signed on its behalf by:



.....
Name: Joseph Rop
Chairperson
Board of Management



.....
Name: Dr. Vincent Mengich
Accounting Officer

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON OLENGURUONE LEVEL 4 SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

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 that 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 Olenguruone Level 4 Sub-County Hospital – County Government of Nakuru set out on pages 1 to 60, which

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the Hospital's financial statements revealed the following anomalies:

- i. The statement of cash flows reflects purchase of property, plant and equipment balance of Kshs.2,629,558. However, Note 32 of the financial statements reflects an amount of Kshs.11,197,843 resulting in an unexplained and unreconciled variance of Kshs.8,568,285.
- ii. The statement of comparison of budget and actual amounts reflects actual on comparable basis amounts of Kshs.13,217,019, Kshs.1,205,250 and Kshs.5,123,090 in respect of medical/clinical costs, repairs and maintenance and general expenses respectively. However, the statement of cash flows reflects amounts of Kshs.11,217,461, Kshs.895,250 and Kshs.4,803,090 resulting in unexplained variances of Kshs.1,999,558, Kshs.310,000 and Kshs.320,000 respectively.

In addition, the statement of comparison of budget and actual amounts reflects final expenditure budget amount of Kshs.26,344,278. However, review of the Hospital's approved budget revealed that there was budgeted total expenditure amount of Kshs.27,682,191 resulting in an unexplained variance of Kshs.1,337,913.

- iii. Note 43 to the financial statements reflects an amount of Kshs.2,996,030 in respect of the deficit for the year before tax. However, the statement of financial performance reflects a surplus amount of Kshs.1,121,633 resulting in an unexplained variance of Kshs.4,117,663.

In addition, the Note reflects an increase in inventories amount of Kshs.3,297,180. However, the statement of financial position reflects a decrease in inventories amount of Kshs.233,050 resulting in an unexplained variance of Kshs.3,530,230.

Further, the Note reflects an increase in receivables amount of Kshs.9,053,541. However, the statement of financial position reflects a corresponding amount of Kshs.7,766,653 resulting in an unexplained variance of Kshs.1,286,888.

Note 43 to the financial statements further reflects an increase in payables amount of Kshs.6,680,065. However, the statement of financial position reflects a decrease in payables amount of Kshs.4,884,274 resulting in an unexplained variance of Kshs.11,564,339.

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

2. Unconfirmed Other Employee Costs (In-kind Contribution)

The statement of financial performance reflects employee costs of Kshs.57,729,298 as disclosed in Note 16 to the financial statements. The amount includes other employee costs (in kind contribution) amount of Kshs.51,456,881 in relation to salaries and wages of health workers paid by the County Government on behalf of the Hospital. However, the supporting collective bargaining agreements between the County Government and various healthcare workers were not provided for audit.

In the circumstances, the accuracy, completeness and propriety of the other employee costs (in kind contribution) amounting to Kshs.51,456,881.

3. Unsupported Repairs and Maintenance Expenses

The statement of financial performance reflects repairs and maintenance expenses amount of Kshs.895,250 as disclosed in Note 19 to the financial statements. However, Management did not provide the procurement records to support the various supplies of goods and services and how the suppliers were identified including the respective procurement methods used. Further, the payment vouchers provided also lacked necessary documents such as approved requisitions, inspection and acceptance committee reports and pre and post inspection reports for motor vehicles serviced or repaired.

In the circumstances, the accuracy and completeness of the repairs and maintenance expenses amount of Kshs.895,250.

4. Variances in the Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.138,724,963 as disclosed in Note 32 to the financial statements. Included in the balance are additions within the year amount of Kshs.11,197,843. However, the ledger/supporting schedule provided for audit reflects additions amounting to Kshs.2,319,558 resulting in an unexplained and unreconciled variance of Kshs.8,878,285.

Further, procurement records or documents for the assets acquired during the year, such as tender register, the bid documents for both the winning and losing tenderers, copy of the tender advertisement, tender opening minutes, tender evaluation minutes, professional opinion and tender award minutes were not availed for audit verification.

In the circumstances, the accuracy and completeness of the property, plant and equipment additions balance of Kshs.11,197,843 could not be confirmed.

5. Unsupported Capital Fund Balance

The statement of changes in net assets reflect capital fund balance of Kshs.145,429,148 which includes an amount of Kshs.11,197,843 indicated as capital/development grants during the year under review. However, the balance of Kshs.11,197,843 was not supported by a detailed schedule indicating the nature and composition of the capital grants.

In the circumstances the accuracy and completeness of the capital fund balance of Kshs.11,197,843 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.20,565,188 respectively. Further, the statement reflects that the Hospital spent an amount of Kshs.26,190,777 against the actual receipts of Kshs.20,565,188 resulting to over absorption of Kshs.5,625,589 or 27% of the actual receipts. No explanation was provided to support the budget over absorption. The over absorption distorted the execution of planned activities of the Hospital and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital for the financial year 2024/2025 revealed that the following sixteen (16) issues remained unresolved:

No.	Year	Audit Issue
1	2023-2024	Inaccuracy of the Financial Statements
2	2023-2024	Variance Between Financial Statements and Supporting Schedules
3	2023-2024	Undisclosed Expenditure on Casuals and Contractual Employees
4	2023-2024	Unsupported Repairs and Maintenance
5	2023-2024	Unsupported Cash and Cash Equivalent
6	2023-2024	Long Outstanding and Unsupported Receivables from Exchange Transactions
7	2023-2024	Unsupported Inventory Balance
8	2023-2024	Long Outstanding Trade and Other Payables
9	2023-2024	Failure to Transfer Revenue to the County Revenue Fund Account
10	2023-2024	Unconfirmed Healthcare Workers Allowances
11	2023-2024	Irregular Engagement of Casual Workers
12	2023-2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
13	2023-2024	Staff Ethnicity and Regional Mainstreaming
14	2023-2024	Lack of Risk Management Policy
15	2023-2024	Lack of Internal Audit Function
16	2023-2024	Weaknesses in Information Communication Technology (ICT) Control Environment

Other Information

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Presentation and Disclosure of the Financial Statements

Review of the Hospital's financial statements revealed that the Board of Management section has not indicated the age of one (1) Board Member. Further, the corporate governance statement did not include the existence of a Board charter, induction/trainings and development, succession plans, policy to manage conflict of interest, Board remuneration, ethics and conduct, governance audit, communication policy, terms of reference of committees and policy on related party transactions as required by the recommended financial reporting template.

In the circumstances, Management did not comply with the recommended reporting template as prescribed by the Public Sector Accounting Standards Board (PSASB).

2. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects rendering of services – medical services income amount of Kshs.30,353,507 as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor General. This was contrary to Regulation 64(1) and (4) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than fifteenth (15) day after the end of the quarter and that the quarterly report under paragraph (1) shall be submitted to the County Treasury, with a copy to the Auditor General and to County Assembly.

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

3. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed that Olenguruone Level 4 Sub County Hospital collected an amount of Kshs.32,682,001 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.32,682,001 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.20,565,188 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.12,116,813. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

4. Irregular Procurement of Medical Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.138,724,963 as disclosed in Note 32 to the financial statements. Included in the balance are additions during the year amounting to Kshs.11,197,843 which further includes plant and medical equipment acquired at an amount of Kshs.2,309,558.

Review of the supporting payment vouchers revealed that the Hospital incurred an amount of Kshs.1,999,558 in relation to procurement of medical equipment from two (2) suppliers. The following procurement irregularities were however observed:

- i. The procurement plan indicated that an open tender was proposed for such procurement. However, no evidence was provided to indicate how the two suppliers were identified given that the procurement documents such as the tender register, the bid documents for both the winning and losing tenderers, copy of the tender advertisement, tender opening minutes, tender evaluation minutes and tender award minutes were not provided for audit verification.
- ii. The Accounting Officer did not prepare and submit to the required authority the quarterly report on implementation of procurement plan contrary to Regulations 40(6) of Public Procurement Asset Disposal Regulations, 2020.

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

5. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. The Hospital has staff deficits of four hundred and thirty six (436) staff requirements or 84% of the authorized establishment.

In addition, the hospital lacked the necessary services, equipment and machines as outlined in the Health Policy Guidelines as detailed below;

Services/Equipment Offered	Requirement for Level 4 Hospitals	Service or Number Available in the Hospital	Variance (%)	Status
Surgical	Should be in place	None	N/A	Not functional
Pediatric	Should be in place	None	N/A	Not functional
Gynecological	Should be in place	Yes	N/A	Functional
In-Patients	Should be in place	Yes	N/A	Functional
Radiology	Should be in place	Yes	N/A	Ultrasound and X-rays only
Renal Dialysis	Should be in place	None	N/A	
Tuberculosis Management	Should be in place	Yes	N/A	Functional
Mortuary and Autopsy Services	Should be in place	Yes	N/A	Functional
Advanced Life Support	Should be in place	None	N/A	Not functional
Caesarian Sections and Surgical Operations	Should be in place	Yes	N/A	Functional
Laboratory Services of Lab Class D	5 acres	Less than 5 acres	N/A	Limited Tests
Beds	150	30	80%	Inadequate
Resuscitation (2 in labor ward and 1 in theater)	3	3	-	Inadequate
Newborn Unit Incubators and Five Cots	5	1	80%	Inadequate
Newborn Unit Cots	5	0	100%	Inadequate
Functional Intensive Care Unit (Beds)	6	0	100%	Inadequate
High Dependency Unit (Beds)	6	0	100%	Inadequate

Services/Equipment Offered	Requirement for Level 4 Hospitals	Service or Number Available in the Hospital	Variance (%)	Status
Renal Unit (with at least 5 dialysis machines)	5	0	100%	Inadequate
Two Functional Operating Theaters (Maternity and General)	2	1 (Maternity)	50%	Inadequate

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

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

6. Non-Compliance with the Law on Staff Ethnic Composition

Review of the Hospital's staff establishment and human resources records revealed that there are of one hundred and five (105) employees out of which ninety-four (94) or 90% belong to the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

7. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.15,800,762 as disclosed in Note 29 to the financial statements. Included in the balance are medical services receivables amounting to Kshs.4,358,500 which have been outstanding for more than two (2) years out which a balance of Kshs.3,874,000 relates to long outstanding NHIF/Linda Mama program debts. However, Management have not provided a clear plan on how the Hospital expects to recover the long outstanding debt.

In the circumstances, the recoverability of the medical services receivables amounting to Kshs.4,358,500 is doubtful.

8. Long Outstanding Trade and Other Payables

The statement of financial position and Note 36 to the financial statements reflect trade and other payables balance of Kshs.6,680,065. However, included in the amount are

trade payables amounting to Kshs.6,626,521 or 99% of the total creditors, which were due to suppliers and which have been outstanding for more than one (1) year. Further, the Hospital did not have any reports on evaluation to determine the validity and eligibility of the Account payables contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the Hospital may incur additional and avoidable costs in relation to the continued delay in the settlement of long outstanding payables.

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of an Audit Committee and Internal Audit Function

During the year under review, the Hospital had not established an audit committee and did not have an internal audit function in place. Management had also failed to rely on the internal audit department of the County Executive since there was no evidence to indicate that the Hospital had been audited by the internal audit department of the County Executive.

In the circumstances, Management may not have mechanisms to assess the effectiveness of internal controls, risk management and overall governance of the Hospital.

2. Irregular Appointment of Board of Management Members

Review of the Board of Management records revealed that all the nine (9) Board members were not issued with appointment letters and the members did not signify their acceptance for the position by signing an acceptance form. In the circumstances, the Board operates without a workplan and a calendar, there is no Board committee in place and none of the Board members has a background in finance.

In the circumstances, the Hospital may not benefit from the oversight of the Board due to the irregularities and inefficiencies observed.

3. Lack of Risk Management Policy

During the year under review, the Hospital had no risk management policy, strategic plan and risk register to mitigate against risk. This was in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations.

In the circumstances, the Hospital may not be in a position to identify its business risks and develop strategies to effectively mitigate against those risks.

4. Weak Information Technology Internal Control Environment

Review of the Information Technology (IT) environment and systems in place revealed that there was no approved Information, Communication and Technology (ICT) policy, approved IT strategic committee, risk management policy, a strategic and a recovery plan. In addition, there were no formal and documented emergency procedures and IT continuity plan. It is not clear why Management has not implemented ICT asset management policies despite continuous use of ICT equipment including laptops, desktops and other equipment.

In the circumstances, the effectiveness and security of Information Technology (IT) internal control environment within the Hospital could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

10 December, 2025

Olunguruone Sub-County Hospital (Nakuru 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
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	61,440,430.00	58,072,314.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	12,000.00
		61,440,430.00	58,084,314.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	30,353,507.40	18,157,885.55
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		30,353,507.40	18,157,885.55
Total revenue		91,793,937.40	76,242,199.55
Expenses			
Medical/Clinical costs	15	21,201,010.00	17,266,555.00
Employee costs	16	57,729,298.25	47,663,108.00
Board of Management Expenses	17	373,000.00	-
Depreciation and amortization expense	18	5,670,656.00	1,033,529.00
Repairs and maintenance	19	895,250.00	150,000.00
Grants and subsidies	20	-	-
General expenses	21	4,803,090.30	3,399,522.00
Finance costs	22	-	-
Total expenses		90,672,304.55	69,512,714.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-


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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		1,121,632.85	6,729,485.55


The Hospital's financial statements were approved by the Board on 14/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 32168

Dr. Vincent Mwangi


Medical Superintendent

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


15. Statement of Financial Position As At 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,328,885.40	9,954,473.55
Prepayments	28		
Receivables from exchange transactions	29	15,800,762.00	8,034,109.00
Receivables from non-exchange transactions	30	-	-
Inventories	31	3,297,180.00	3,530,230.00
Total Current Assets		23,426,827.40	21,518,812.55
Non-current assets			
Property, plant, and equipment	32	138,724,963.00	133,197,776.00
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		138,724,963.00	133,197,776.00
Total assets (A)		162,151,790.40	154,716,588.55
Liabilities			
Current liabilities			
Trade and other payables	36	6,680,065.00	11,564,339.00
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		6,680,065.00	11,564,339.00
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		6,680,065.00	11,564,339.00
Net assets (A-B)		155,471,725.40	143,152,249.55
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		10,042,577.40	8,920,944.55
Capital Fund		145,429,148.00	134,231,305.00
Net Assets		155,471,725.40	154,716,588.55


The Hospital's financial statements were approved by the Board on 14/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 32168



Medical Superintendent

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluati on reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)		2,191,459.00	-	2,191,459.00
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	6,729,485.55		6,729,485.55
Capital/Development grants	-	-	134,231,305.00	-
As at June 30, 2024 (previous year)	-	8,920,944.55	134,231,305.00	143,152,249.55
At July 1, 2024 (current year)	-	8,920,944.55	134,231,305.00	143,152,249.55
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,121,632.85	-	1,121,632.85
Capital/Development grants	-	-	11,197,843.00	11,197,843.00
At June 30, 2025 (current year)	-	10,042,577.40	145,429,148.00	155,471,725.40

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Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		20,565,188.40	22,439,914.00
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		20,565,188.40	22,439,914.00
Payments			
Medical/Clinical costs		11,217,461.00	5,551,131.00
Employee costs		6,272,417.25	7,341,578.55
Board of Management Expenses		373,000.00	210,000.00
Repairs and maintenance		895,250.00	471,000.00
Grants and subsidies		-	-
General expenses		4,803,090.30	3,031,393.50
Finance costs		-	-
Refunds paid out		-	-
Total Payments		23,561,218.55	16,605,103.05
Net cash flows from operating activities	43	(2,996,030.15)	5,834,810.95
Cash flows from investing activities			
Purchase of property, plant, equipment		(2,629,558.00)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(2,629,558.00)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,625,588.15)	5,834,810.95
Cash and cash equivalents as at 1 July	27	9,954,473.55	4,119,662.60
Cash and cash equivalents as at 30 June	27	4,328,885.40	9,954,473.55

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	20,565,188.40	-	20,565,188.40	20,565,188.40	-	100%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	%
Total receipts	20,565,188.40	-	20,565,188.40	20,565,188.40	-	100%
Payments						
Medical/Clinical costs	13,283,220.00	-	13,283,220.00	13,217,019.00	66,201.00	100%
Employee costs	6,315,370.00	-	6,315,370.00	6,272,417.25	42,952.75	99%
Remuneration of directors	373,000.00	-	373,000.00	373,000.00	0.00	100%
Repairs and maintenance	1,206,500.00	-	1,206,500.00	1,205,250.00	1,250.00	100%
Grants and subsidies	-	-	-	-	-	
General expenses	5,166,188.00	-	5,166,188.00	5,123,090.30	43,097.70	99%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	26,344,278.00	-	26,344,278.00	26,190,776.55	-	
Capital Expenditure paid	-	-	-	-	-	%
Surplus	-	-	-	(5,625,588.15)	-	%

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(5,625,588.15)
1	Reason for differences; Cash and cash equivalents as at 1 July 2024	9,954,473.55
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,328,885.40

Notes

There was full utilization of the expenditure against the budget.

19. Notes to the Financial Statements

1. General Information

Olenguruone Sub-County hospital is established by and derives its authority and accountability from PFM Act. The Olenguruone Sub-County hospital is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is to provide integrated quality services for all.

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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Olenguruone Sub-County hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Olenguruone Sub-County hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on quarterly basis. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Olenguruone Sub-County hospital did not record additional appropriations on the FY 2024/2025 budget following the Board's approval. The Olenguruone Sub-County hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Depreciation rates used are from National Asset and Liabilities Management (NALM) and the following rates of each type of assets except land are follows;

Description	Rates of depreciation
Building and civil works	10%
Motor vehicles	25%
Furniture and fittings and office equipment	12.5%
ICT equipment	33.33%
Plant and Medical Equipment	12.5%

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Olenguruone Sub-County hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

The Olenguruone Sub-County hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The Olenguruone Sub-County hospital did not create and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

The Olenguruone Sub-County hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Olunguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Nakuru County Government	-	-	-	-	-
Total	-	-	-	-	-

*Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	51,456,881.00	47,663,108.00
Medical supplies-Drawings Rights (KEMSA)	7,444,365.00	7,743,431.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,539,184.00	2,665,775.00
Utility bills	-	-
Total grants in kind	61,440,430.00	58,072,314.00

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(Global Fund TB)	-	12,000.00
Donations in kind-amortised	-	-
Total donations and sponsorships	-	12,000.00

10 (a)Reconciliations of amortised grants

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	2,371,932.00	2,262,311.00
Non-Pharmaceuticals	-	-
Laboratory	1,025,100.00	1,049,495.00
Radiology	739,200.00	790,764.00
Orthopedic and Trauma Technology	21,250.00	41,428.00
Theatre	55,250.00	43,850.00
Accident and Emergency Service	1,343,850.00	1,393,258.00
Physiotherapy	77,500.00	113,754.00
Ear Nose and Throat service	3,400.00	9,900.00
Records	301,657.00	119,760.00
Medical Examination	10,800.00	26,400.00
Dental services	94,850.00	62,200.00
Reproductive health	-	7,550.00
Paediatrics services	797,273.00	714,762.00
Farewell home services	802,551.00	965,250.00
schools services	62,120.00	75,000.0
Administration cost	26,000.00	10,900.00
Capitation	2,994,094.40	4,131,860.00
Other medical services income (<i>NHIF, SHA and MINET claims</i>)	19,626,680.00	6,339,443.55
Total revenue from the rendering of services	30,353,507.40	18,157,885.55

Olunguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,149,756.00	586,614.00
Public health activities	-	-
Food and Ration	2,387,380.00	1,477,000.00
Uniform, clothing, and linen-patients	50,000.00	-
Dressing and Non-Pharmaceuticals	1,950,244.00	780,667.00
Pharmaceutical supplies	2,731,845.00	2,822,528.00
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	596,160.00	836,825.00
Purchase of Medical gases	284,000.00	188,815.00
X-Ray/Radiology supplies	158,900.00	164,900.00
Purchase of bedding and linen	200,000.00	
Purchase of dental and medical equipment	-	
Contracted guards and cleaning services	709,176.00	
Other medical related clinical costs (<i>In kind</i>)	9,983,549.00	10,409,206.00
Total medical/ clinical costs	21,201,010.00	17,266,555.00

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	6,272,417.25	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>In kind contribution</i>)	51,456,881.00	47,663,108.00
Employee costs	57,729,298.25	47,663,108.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	373,000.00	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	373,000.00	-

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	5,670,656.00	1,033,529.00
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	5,670,656.00	1,033,529.00

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	54,500.00	-
Medical equipment	355,000.00	150,000.00
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	62,500.00	-
Motor vehicle expenses	74,250.00	-
Maintenance of civil works	349,000.00	-
Total repairs and maintenance	895,250.00	150,000.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	119,750.00	-
Waste management expenses	-	-
General office supplies	160,000.00	52,600.00
Daily subsistence allowances	423,600.00	-
Bank charges	55,089.30	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	1,088,457.00	901,257.00
Fuel and Lubricants	1,087,500.00	1,150,000.00
Other fuels	318,400.00	170,600.00
Research and development expenses	-	-
Travel and accommodation allowance	78,000.00	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	6,500.00	-
Printing and stationery	529,910.00	217,075.00
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	315,000.00	253,750.00
Purchase of uniform and clothing-staffs	29,413.00	-

Olenguruone Sub-County Hospital (Nakuru County Government)
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Description	2024/2025	2023/2024
	Kshs	Kshs
Telephone and mobile phone services	43,500.00	-
Internet expenses	94,091.00	654,240.00
Staff training and development	-	-
Agricultural material supplies and small equipment	15,000.00	-
Purchase of ICT networking and communication equipment	438,880.00	-
Purchase of computers and IT equipment	-	-
Parking charges	-	-
Total General Expenses	4,803,090.30	3,399,522.00

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	4,328,885.40	9,954,473.55
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalentents	4,328,885.40	9,954,473.55

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank of Kenya (NBK)	0100101932 7000	4,328,885.40	9,954,473.55
Equity Bank, etc		-	-
Sub- total		4,328,885.40	9,954,473.55
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		4,328,885.40	9,954,473.55

28. Prepayments

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

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	15,800,762.00	8,034,109.00
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	15,800,762.00	8,034,109.00

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	11,442,262.00	72%	8,034,109.00	100%
Between 1- 2 years	4,358,500.00	28%	-	
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	15,800,762.00	100%	8,034,109.00	100%

Olenguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	2,086,846.00	2,746,278.00
Maintenance supplies	-	-
Food supplies	40,110.00	45,300.00
Linen and clothing supplies	198,229.00	-
Cleaning materials supplies	-	-
General supplies	971,995.00	738,652.00
Less: provision for impairment of stocks	-	-
Total	3,297,180.00	3,530,230.00

Olunguruone Sub-County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	3,530,230.00	-
Additional Inventory in the year	16,792,789.00	-
Inventory expensed in the year	(17,025,839.00)	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	3,297,180.00	-

*Olenguruone Sub-County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost		10%	25%	12.5%	33.33%	12.5%			
At 1 July 2023 (previous year)	-	-	-	-	494,808.00	270,076.00	-	19,984,065.00	20,748,949.00
Additions	-	-	-	-	-	-	-	11,420,030.00	11,420,060.00
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	64,987,300.00	25,575,026.00	11,500,000.00	-	-	-	-	-	102,062,326.00
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	64,987,300.00	25,575,026.00	11,500,000.00	-	494,808.00	270,076.00	-	31,404,095.00	134,231,305.00
At 1 July 2024 (current year)	64,987,300.00	25,575,026.00	11,500,000.00	-	494,808.00	270,076.00	-	31,404,095.00	134,231,305.00
Additions	-	-	-	-	320,000.00	2,309,558.00	-	8,568,285.00	11,197,843.00
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	64,987,300.00	25,575,026.00	11,500,000.00	-	814,808.00	2,579,634.00	-	39,972,380.00	145,429,148.00

Olunguruone Sub-County Hospital (Nakuru County Government)
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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
Depreciation and impairment									
At 1 July 2023 (previous year)		-	-	-	250,998.00	48,043.00	-	-	299,041.00
Depreciation for the year		252,247.00	283,562.00	-	164,919.00	33,760.00	-	-	734,488.00
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		252,247.00	283,562.00	-	415,917.00	81,803.00	-	-	1,033,529.00
At July 2024 (current year)		252,247.00	283,562.00	-	415,917.00	81,803.00	-	-	1,033,529.00
Depreciation		2,557,503.00	2,875,000.00	-	132,219.00	105,934.00	-	-	5,670,656.00
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		2,809,750.00	3,158,562.00	-	548,136.00	187,737.00	-	-	6,704,185.00
Net book values									
At 30 th Jun 2024 (previous)	64,987,300.00	25,322,779.00	11,216,438.00	-	78,891.00	188,273.00	-	31,404,095.00	133,197,776.00

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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
At 30 th Jun 2025 (current)	64,987,300.00	22,765,276.00	8,341,438.00	-	266,672.00	2,391,897.00	-	39,972,380.00	138,724,963.00

1. Depreciation rates used are from National Asset and Liabilities Management (NALM)

2. Some assets are yet to be revalued and have been identified at a ksh. 1 value in the asset register.

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions–Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	6,680,065.00		11,564,339.00	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	6,680,065.00		11,564,339.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	53,544.00	1%	9,258,445.00	80%
1-2 years	1,008,663.00	15%	2,305,894.00	20%
2-3 years	5,617,858.00	84%	-	%
Over 3 years	-	%	-	%
Total	6,680,065.00	100%	11,564,339.00	100%

37. Refundable Deposits from Customers/Patients

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	-		-	

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Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

Description	2024/2025	2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024/2025	2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(2,996,030.15)	5,834,810.95
Adjusted for:		
Depreciation	5,670,656.00	1,033,529.00
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(3,297,180.00)	(3,530,230.00)
Increase in receivables	(9,053,541.00)	(8,034,109.00)
Increase in deferred income	-	-
Increase in payables	6,680,065.00	11,564,339.00
Increase in payments received in advance	-	-
Net cash flow from operating activities	(2,996,030.15)	5,834,810.95

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	8,034,109.00	8,034,109.00	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	9,954,473.55	9,954,473.55	-	-
Total	17,988,582.55	17,988,582.55	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	15,800,762.00	15,800,762.00	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	4,328,885.40	4,328,885.40	-	-
Total	20,129,647.40	20,129,647.40	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from 2023. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	11,564,339.00	11,564,339.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	11,564,339.00	11,564,339.00
At 30 June 2025				
Trade payables	-	-	6,680,065.00	6,680,065.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	6,680,065.00	6,680,065.00

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2024			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
-Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(5,625,588.15)	5,834,810.95
Capital reserve	9,954,473.55	4,119,662.60
Total funds	4,328,885.40	9,954,473.55
Total borrowings	-	-
Less: cash and bank balances	(4,328,885.40)	(9,954,473.55)
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
Gearing	-%	-%

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	9,983,549.00	10,409,206.00
Total	9,983,549.00	10,409,206.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for county employees	51,456,881.00	47,663,108.00
Payments for goods and services for xxx	-	-
Total	51,456,881.00	47,663,108.00

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Description	2024/2025	2023/2024
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	61,440,430.00	58,072,314.00

46. Segment Information

47. Contingent Liabilities

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

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Report on the financial statements			
1	Inaccuracy of the financial statements			
i	Unsupported capital fund of ksh.134,231,305.	Supporting documents for motor vehicle, furniture and fittings, ICT equipment and civil work(work in progress) were obtained except for land and buildings which are still being followed up from the relevant authorities.	Resolved for those items whose supporting documents were provided and remained not solved for land and building.	Issue concerning land and building is expected to be resolved before the elapse of third year from now.
ii	Unreconciled variances of ksh. 894,674.60 which resulted from the differences in surplus amount of ksh.5,834,810.95 reflected in the statement of comparison of budget and actual amounts	Reconciliation to explained the differences has been done.	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	and surplus of ksh 6,729,485.55 reflected in the statement of financial performance.			
iii	Unsupported transfers amount of ksh.102,062,326 in respect to land, motor vehicle, building and civil works	The supporting documents for motor vehicle were obtained except for land and buildings which are yet to be supported once the county government has given us the same.	The transfers amount of motor vehicles was resolved whereas for land and buildings, it was not resolved.	Unresolved issue is expected to be sorted within three years.
2	Variance between financial statements and supporting schedules(General expenses)	We prepared certified copies of the correct schedules supporting the stated general expenses figure of ksh.3,399,522.	Resolved	N/A
3	Undisclosed expenditure on casual and contractual employees	All the necessary amendments were made to the financial statement. Additionally, the supporting schedules of the total expenditures for both casual and contractual employees were availed.	Resolved	N/A
4	Unsupported repairs and maintenance	The payment vouchers and invoices showing the total expenses incurred in repairs and maintenances were availed for verification.	Resolved	N/A
5	Unconfirmed cash and cash equivalent.	The management was tasked to ensure that the cash book is prepared and signed well and the board of survey report indicating the nil balances was availed.	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
6	Long outstanding and unsupported receivables from exchange transactions	Follow up of the long outstanding debt has been initiated and engagement with the county leadership about the matter has been started and possibly the debt will be sorted soon. Reconciliation in regard to unsupported receivables has been done.	Issued concerning long -outstanding receivables was not resolved	One year
8	Unsupported inventory balances	Stock take report confirming the quantities and value of the closing balances was provided.	Resolved	N/A
	Report on lawlessness and effectiveness in the use of public resources			
1	Long outstanding trade and other payables	Measures and strategies have put in place to allocate 15% of all approved budgets towards trade payables. This has enabled facility to clear nearly 30% of outstanding trade payables.	Resolved	Long outstanding trade payables are expected to be settled within two years.
2	Failure to transfer revenue to the county revenue fund account	As at the close of the financial year 2023/2024, the county government of Nakuru had not issued a directive on this matter. However, as of December 2024, the county government has implemented the same and therefore moving forward we are fully committed to adhering to the requirements of the regulation	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
3	Irregular engagement of casual workers	Attempt is being made to engage with the county public service board to transition casual workers to contract-based employment.	Not resolved	We expected the issue to be resolved within three years
4	Deficiency in implementation of universal health coverage(UHC)	The county government holds the mandate to equip the hospital and hire staff to the required capacity, ensuring the provision of optimal healthcare. We will continue engaging with the county government to facilitate the fulfilment of this mandate	Not resolved	Within five years
5	Staff ethnicity and regional mainstreaming	The public service board of Nakuru county government is responsible for staff recruitment while ensuring ethnic and regional balance.	Not resolved	Within five years
	Report on effectiveness of internal controls, risk management and governance.			
1	Lack of risk management policy	The hospital currently does not have and will work on customizing the county government of Nakuru risk management policy once it becomes available to aid in risk mitigation	Not resolved	Within two years
2	Lack of internal Audit function	The facility lacks an internal audit committee primarily due to understaffing and absence of personnel with the requisite audit skills. The	Not resolved	Within three years

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		management will engage with the county government to explore the possibility of acquiring additional staff to oversee audit functions		
3	Weaknesses in information communication Technology (ICT) control Environment	The management will work towards establishing an additional IT strategy committee within the board to assist in developing an ICT policy and IT strategic plan	Not resolved	Within three years



Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.OUTPATIENT BLOCK	N/A	County Government	2018/2019	N/A	NO	NO
2.STALLED SURGICAL THEATRE	N/A	CDF	2012/2013	N/A	NO	NO

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	OUTPATIENT BLOCK	100,000,000.00	39,972,380.00	92%	N/A	N/A	County Government
2	STALLED SURGICAL THEATRE	11,417,817.00	N/A	N/A	N/A	N/A	CDF
3							

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Kitchen renovation	Purchase of energy saving jikos	Reduce excessive air pollution	Installation of energy saving jikos and use of Briquettes	310,000	N/A	N/A	N/A	Facility improvement fund	N/A

Appendix V: Disaster Expenditure Reporting Template

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