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REPORT

OF

THE AUDITOR-GENERAL

ON

LOITOKITOK SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF KAJIADO

Revised 30th June 2025

COUNTY GOVERNMENT OF KAJIADO

LOITOKITOK SUB-COUNTY Level 4 HOSPITAL
(Kajiado 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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
LSCH	Loitokitok Sub County Hospital
OPD	Outpatient Department
GOPC	Gynaecological Outpatient clinic
POPC	Paediatric outpatient clinic
SOPC	Surgical outpatient clinic
MOPC	Medical Outpatient Clinic
MCH	Maternal and Child Health
ANC	Antenatal clinic
FIF	Facility Improvement Fund
SHA	Social health Authority
SHIF	Social Health Insurance Fund
NHIF	National Health Insurance Fund
PHC	Primary Health Care
NBU	New Born Unit
WHO	World Health Organization
CBOs	Community Based Organization
USAID	United State Agency for International Development

HDU	High Dependency Unit
ICU	Intensive Care Unit
CIC	Cooperative Insurance of Kenya
AON-MINET	Insurance Company
PHC	Primary Health Care
COG	Council of Governors
DANIDA	Dannish International Development Agency
JICA	Japan International Corporation Agency
KOICA	Korea International Corporation Agency
ICT/EMR	Information and Communication Technologies/ Electronic Medical Record
MOH	Ministry of Health

2. Key Entity Information and Management

(a) Background information

Loitokitok Sub-county Hospital was established as Government facility in Rift valley province in April 1977 through a gazette notice Vol. LXX1X -No.14.Later, it became a District hospital on 1st April 1997 under gazette notice number Vol. cXx11-No 24.
Loitokitok Sub-county Hospital became a Sub-County level 4 hospital on 4th Feb 2020 under Gazette no.837, and is domiciled in Kajiado County under the Health Department. The hospital is governed by a Board of Directors.

(b) Principal Activities

Loitokitok Sub-county Hospital has a vision to provide an efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan. The principal mission of the Loitokitok Sub-county Hospitals is to promote and participate in provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans. The hospital also has a mandate to formulate policies, set standards, provide health services, create an enabling environment and regulate the provision of health service delivery.

(c) Key Management

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

- County department of health
- Board of Directors
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent/Accounting Officer	**DR. KAPKONI EZEKIEL**
2.	Senior Hospital Administrator	**TRIZAH WANJA**
3.	Senior Health Administrative Officer	**CATHERINE NANGUNIN**
4.	Nursing Officer In-charge	**JOSHUA PUNYUA**
5.	Head of Finance/ Accountant	**RENSON GITONGA**

(e) Fiduciary Oversight Arrangement

- County Assembly
- Parliamentary committees
- Hospital Board of Directors
  - Other oversight committees
    Hospital Board Audit and risk committee

Key Entity Information and Management (continued)

(f) Entity Headquarters
P.O. Box 28 -00209
Loitokitok
Kajiado County
KENYA

(a) Entity Contacts

Telephone: (+254) 728114560
Emergency Line: (+254) 726 734 271
E-mail: medsuptloitokitok@yahoo.com
loitokitoksubcountyhospital@gmail.com

(b) Entity Bankers

Kenya Commercial Bank, Loitokitok Branch

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

(e) County Attorney

P.O. Box. 94 01100
Kajiado, Kenya

3. The Board of Directors

Ref	Directors	Details
1.	 **Eng. Joseph N.Nkadayo,MBS**	Eng. Joseph N.Nkadayo,MBS is the current Board Chairman. He holds a Master's degree in Highway Engineering(University of Birmingham, United Kingdom) and an Undergraduate degree in Civil Engineering(UON) He is a Registered Consulting Engineer(Engineers Board of Kenya)and a Member of Institution Engineers of Kenya He has over 38 years' experience in Public and Private sector in development, design, procurement, implementation, maintenance and management of projects; staff recruitment, placement, training, performance based-contracting and job evaluation. Previously, he was the Chairman Board of Directors of Kenya Civil Aviation Authority(KCAA) from August, 2020 to March 2023and have served in other leadership position including Director General / CEO of Kenya Urban Roads Authority (KURA), Senior /Principal Superintending Engineer (Planning) Ministry of Roads and Public Works among others
2.	 **Ms. Nice Nailantei Lengete**	Non-Executive director Founder Nice Foundation. The foundation is a leadership training and rescue centre that offers a safe learning environment for young women and girls in Kajiado South. She is a Global Ambassador for Amref Health Africa since 2022.

3.	**Mr. Paul Wamwiri**	Non-Executive director Mr.Paul is a retired head teacher, He has served in five different schools in management level from the year 1986.The schools he lead posted tremendous results ; In the year 1999,his school Entarara Primary school was ranked position one in KCPE in public schools in Kajiado County,
4.	 **Ms,Susan Simaloi Teretui**	Non-Executive director, Ms. Susan worked at CHILD FUND (RURAL PROJECTS) from 2009- 2017. In 2022, she carried out survey on wildlife and environmental conservation and helping the community to conserve the natural resources for WORLD WIDE FUND. She also has skills on peer education in Adolescent Sexual and Reproductive health which she trained and did a research on in 2008 with AMREF Kenya.
5.	 **Dr. Benson Leyian Ntoyian**	Non-Executive director Dr. Benson holds a PhD and Masters in Project Planning and Management(UON),a degree in Leadership and Management and is a Certified Public Accountant. He is The CEO big life foundation, His previous work experience includes; Chief Officer – Governor's Delivery Unit, Special Programs & Housing County Government of Kajiado Dec, 2017 – June, 2020, General manager, Amboseli ecosystem trust (AET)and as a Managing Trustee and Board Secretary at wings for earth kenya (NGO)

6.	 **Mr. David Leboo Kurao**	Non-Executive director, Mr. David is highly experienced in staff development. HE served as a Consultant Corporate Affairs at Outward Bound Trust of Kenya international NGO from January 1992 to December 2023,after serving Oloitokitok Boys High school as a teacher from April 1986 – Dec. 1991.
7.	 **Dr. Ezekiel Kapkoni Kibelion**	**Executive Director.** Dr. Ezekiel Kapkoni holds a Degree in Medicine and Surgery from the University of Nairobi,He have served as the medical superintendent in LSCH since November 2024. Has served in several management positions in health sector for over 18 years .Previously he worked as a medical director at county department of health,Medical Officer of Health in Loitokitok District. Has undertaken several management trainings at Kenya school of Government and other local training institutions,and one in Japan.

4. Key Management Team

Ref	Management	Details
1.	Dr. Ezekiel Kapkoni Kibelion,Bsc.Medicine and Surgery	Overall in-charge of hospital
2.	CPA Trizah Wanja Munjiru;CPA {K},CPS final,SMC,Bsc. Operations Research	Senior Hospital Administrator
3.	Joshua Kipema Punyua ;ECN, KRCHN	Nursing services manager
4.	Catherine Nangunin .;KRCHN,HR,HEALTH SYSTEMS MANAGEMENT,SMC.	Senior Health Administrator
5.	Dr.Henry Ngeno – Masters in Medicine and Surgery-Surgery	Consultant –Interns Co-ordinator
6.	Winjoy Kathure - Bachelors in Health Record Management	Incharge of health information system
7.	Dr.Sampeke Mike – Bsc.in Pharmacy	Hospital Pharmacist

5. Chairman's Statement

Loitokitok Sub-County Hospital (LSCH) is the main referral facility in the entire Loitokitok Sub-County. LSCH recorded an impressive performance within the last one year with a notable improvement in services offered to the community despite the challenging operating environment especially due to social and economic factors both internal and external like industrial action by health care workers, Inadequate funding, severe shortage of staff and transitioning to new policies with direct effect on Health sector.

The hospital started implementing Universal Health Care policy by registration of the general population and patients visiting the hospital, improving on internet connectivity, and training staff. This have reduced the out-of-pocket expenditure by the patients as well as improving the quality of health care.

The hospital was able to improve the hospital infrastructure through renovations, acquisition of new equipment and maintenance of existing equipment.
On human resource for Health; the hospital received additional staff from the County Head Quarters including specialised cadres like the Physician, Dentist, Oncology Nurse, Psychiatric Nurse among other staff. In addition, the hospital was able to engage staff on locum leading to effective, efficient and quality service delivery. The hospital will endeavour to ensure the work force is trained from time to time to increase competency and skill levels.

On commodity management, the hospital was able to procure essential medical supplies throughout the year and maintain stock levels at 80% of the requirement. The hospital was able to acquire new linen and settled bills on time including electricity Bills.
In the areas of Partnerships, the hospital was able to Partner with the National Government in successful requisition of a CT scan machine which is currently being installed and completion of the hospital incinerator. Further, the hospital was able to partner with Safaricom Foundation who approved to fund a proposal to construct a new ultramodern maternity ward, NBU, WHO, Jacaranda Health and Entepesi Kenya in staff trainings; other government and non-government agencies and CBOs supported in making the hospital operations successful through outreaches and blood drives.

The year had its fair share of challenges which included huge pending bills as a result of untimely and poor reimbursements from NHIF/SHA, major withdrawal of critical care services by partners such as USAID leading to suspension of some services. Nevertheless, the hospital was forced to retain some staff on short contract terms. Further frequent strikes by health care workers and negative publicity by some social media site over the past experiences highly affected the hospital services. The Board of Directors and Management are addressing these challenges through improved customer service, trained additional staff, acquisition and installation of new equipment, hospital cleanliness and renovations.

The hospital is on a mission of upgrading from sub-county hospital to Level V which will be achieved by investing in specialized medical equipment's like CT, DIALYSIS machines, opening the new casualty block, establishment of an HDU and ICU in the facility, new morgue facility, addition of more specialized staffs and having a power upgrade. i.e high voltage generator and solarisation.

I appreciate members of the LSCH Board of Directors, the hospital management, all staff, the National Government, the County Government of Kajiado and all the Partners for their invaluable contribution in ensuring successful and effective delivery of health care services in LSCH during the Financial Year ended 30th June, 2025.

THE MEDICAL SUPERINTENDANT
LOITOKITOK SUB-COUNTY HOSPITAL
28 AUG 2025
P.O. Box 28 - 00209
LOITOKITOK

....
Eng. Joseph N. Nkadayo, MBS
Chairman to the Board

6. Report of The Medical Superintendent

Loitokitok Sub County Hospital(LSCH) is a level IV hospital in Loitokitok Sub-County, it is the largest public referral hospital serving a catchment population of approximately 28,000 and serves as a referral facility for the lower level health facilities both private and public within and beyond the sub-county. The hospital offers comprehensive services as per KEPH level 4 and is licensed by KMPDC and accredited by SHA. The hospital mission is to promote and participate in provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans.

SERVICES OFFERED

- General outpatient
- Consultant /specialist clinics(Medical, surgical, gynaecological, orthopaedic, paediatrics, ENT, ophthalmology)
- Medical laboratory
- Radiology (X-ray /ultrasound)
- Pharmaceutical and non-pharmaceutical supplies
- Maternal and child health {MCH}
- Maternity services
- Theatre services
- Mental Health (Psychiatry/counselling)
- Nutrition and Dietetics
- Dental Services
- HIV/TB services
- General inpatient services- male, female, paediatric, NBU
- Rehabilitation services{Physiotherapy and Occupational therapy}
- Public health and safety
- Ambulance and referral services
- Farewell home services
- General support services- kitchen, CSSD, Laundry, Stores, Maintenance, ICT, records, finance and Human resource

ACHIEVEMENTS

The hospital prides itself in a number of key achievements in the 2024/2025 financial year. Following are a few among others;

i. Completion of Hospital Incinerator.
ii. Approval of NBU building by Safaricom foundation worth 60M. Awaiting Construction and operation.
iii. Hospital Face lifting and renovations for improved service delivery which includes hospital painting, Non-pharm store shelving, roofing repairs, renovation of Morgue, paediatric ward renovations to include an acute room, Kitchen renovation and roofing repairs.
iv. Introduction of more Specialized services and specialist Doctors. This includes an additional Gynaecologist, a dental officer and a physician. Further the hospital got an oncology nurse and a psychiatric Nurse.
v. Increased staff deployment from the county department/hospital contracts which have greatly helped the hospital to reduce the biting staff gaps that the hospital has been experiencing. The increase will improve patient experience in the hospital.
vi. Improved service delivery indicators despite several challenges.
vii. The hospital was able to increase its revenue through improving SHA claims, strengthening revenue collection by using paybill and by bringing in health insurance companies i.e CIC insurance, AON insurance covers.
viii. Improvement in continuous drug supplies, non-pharmaceuticals and lab reagents.
ix. Successful requisition for CT scan machine from NESP which is currently waiting installation and commissioning.

1. CHALLENGES

a. **Industrial action by health care workers; January Nurses, clinicians, Laboratory, Pharmacy and all UHC staff, March-April Nurses strike.**
b. **Hospital power supply interruptions/ disconnection**
The hospital had to rely on generator to power the hospital and after the Debt 5M was cleared by the county; the hospital has been paying the monthly electricity Bill through FiF.
The hospital still needs a better power back-up; the current generator 85KVA is old. The hospital needs assessment and upgrading. Some areas lack 3-phase i.e MCH and A&E
c. **Inadequate operation space/stalled buildings.**

d. **Transitioning from NHIF to SHA**

The transition from NHIF to SHA affected the hospital attendance and thus the hospital recorded workload in all clinical areas. To deal with the challenge, the hospital management trained five (5) SHA clerks and opened two SHA registration desks in the facility to better the uptake of SHA; the hospital registers an average of 80 members per day.

e. **Shortage of staff across all cadres resolved temporarily by having locum hospital contracts.** To overcome this handle, the hospital management has engaged staffs on LOCUM basis to fill in the gaps and keep services running which is costly.
f. **Huge pending bills** due to inadequate funding exacerbated by unsteady reimbursement by SHA and Former NHIF.
g. **Withdrawal of Donors specifically USAID** which affected the HIV AIDS Services by Fahari ya Jamii staff who were issued a stop work order on 8th MAY 2025.The hospital engaged a few staffs on locum to continue with service delivery and have been pital staff on CCC Care to ensure that CCC becomes integrated with the other hospital services.
h. **Inadequate ambulance referral services.** The hospital has one Ambulance which is not sufficient / poor equipment. Use of primary care facility ambulance is not cost effective and difficulty when in the primary facility. Lack of a utility vehicle.
i. **Lack of key specialized services such as dialysis, ICU in the hospital.**
j. **Lack of key diagnostic machines i.e. CT scan, laboratory machines,pi**
k. **Old and un-serviced machines** including mortuary equipment's, beds , generator amongst others

2. FUTURE PLANS/PROSPECTS

1. Construction of NBU Unit/Maternity

SAFARICOM Foundation (prospective donor) agreed to build and equip a new NBU unit in the hospital.

2. Installation and operation of CT scan machine.

An assessment was done on 21st January 2025 by the MOH, COG and the National Equipment Services Program (NESP) vendor visited the facility. They recommended the CT-machine to be placed next to the radiology department where the current hospital pharmacy is.

3. Do a master plan for the facility
4. Establishment of a Dialysis unit.
5. Establishment of an HDU/ICU
6. Liquid Oxygen tank/piping
7. Upgrading of ICT/EMR
8. Acquisition of a new high capacity generator/ solarisation
9. Acquisition of Inpatient Linen, beds and other equipment
10. Official Commissioning Of The Incinerator
11. Commissioning of Accident & Emergency Building

12. Modern inpatient wards, surgical, medical
13. Digitization of the hospital
14. The ultimate goal of the hospital is to upgrade to level 5 which needs expansion of wards, a new morgue, an ICU equipment, ACL ambulance, more staff/specialists.
15. **Staff development and Capacity building.** Loitokitok Sub-County Hospital endeavours to continuously offer training opportunities for all the staff and partnering with the County Government of Kajiado, WHO, KOICA and other partners.

Dr. Ezekiel Kapkoni
MEDICAL SUPERINTENDENT
LOITOKITOK SUB-COUNTY HOSPITAL.

…………………………………………………………

Dr. Ezekiel Kapkoni Kibelion
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

LOITOKITOK SUB-COUNTY HOSPITAL has *6* strategic health pillars and objectives within the current Strategic Plan for the FY 2024-2025. These strategic pillars are as follows:

Pillar 1: Human Resource for health

Pillar 2: Health products, vaccines and technologies

Pillar 3: Leadership and Governance

Pillar 4: Service Delivery

Pillar 5: Health Information systems

Pillar 6: Health System financing

Loitokitok Sub-county Hospital develops its annual work plans based on the above 6pillars. 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 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	**To have adequate number of staffs with appropriate skills mix.**	**Motivated staffs Proper patients management Reduced Alos Reduced mortality rates**	**Hire more staffs on locum Train staffs Provide staff motivation tea and snacks, Create a clean and safe working environment, Provide tools of work.**	**The facility hired 15 Nurses on Locum A Sonographer Medical Officer on locum.**
Pillar 2:	**To ensure the hospital had quality**	**Availability of tools of work Availability of**	**Do procurement plans**	**The hospital had lab tests and never**

	products, obtained at competent pricing and well stored, and accounted for.	**non-pharms and essential medical drugs and vaccines all the time** **Availability of Lab test**	**Departmental heads to take charge of department needs** **ICT** **Pharmacy expansion**	**lacked in non-pharms**
Pillar 3:	**To have a transparent management of resources and accountability of resources**	**Well established feedback mechanism** **Minuted meetings** **Reports on performance**	**Hold monthly HMT meetings** **Hold departmental meetings** **Through GRM reports**	**Held……HMT meetings.** **Ability to keep monthly GRM reports.**
Pillar 4:	**To have efficient and timeliness service delivery**	**Clients Reduced waiting time** **Service charters** **Increased workload** **Reduced referral out.**	**Do service charters** **Introduce specialised services.** **Engage people to give directions to clients** **Have departments running 24/7** **Increase the number of staffs in high volume departments on LOCUM**	**Departments are running 24/7.** **Reduced bottleneck of clients in the outpatient department.** **Reduced clients complaints.**

Pillar 5:	**To offer paperless services and ensure accurate data securely stored**	**Non-use of cards or any other physical papers**	**Expand use of EMR in departments not using EMR Continuous Train staffs on EMR Upgrade the system Back up patient information**	**Paperless services in Outpatient Department. -Conflicts resolution -**
Pillar 6:	**Generate high revenue through user fee and SHA and optimize the use of revenue**	**Raised revenues Improved capitation numbers/amounts Set up SHA registration desks in the facility Prudent use of resources**	**Proper billings Cashless revenue collection Service charter with prices Collection points at high volume departments Sensitize patients and community on SHA Timely SHA notifications Obtain quality products at negotiated market prices**	**-Reduced revenue loss -Raised revenue collection**

8. Corporate Governance Statement

At Loitokitok Sub County Hospital, we are committed to the highest standards of corporate governance. Our governance practices are designed to foster accountability, transparency, diligence and integrity, ensuring that we deliver long-term value to our shareholders and stakeholders.

The current hospital Board of Directors members were appointment on 15th November 2023.The Board members were appointed by the County Executive Member for Medical services and public health in accordance with the constitution of Kenya, 2010 and the County Government Acts 2012, part 116 and gazette notice No. 14242 dated 19th October 2023. The board will serve for three years term which is renewable once.

The Board is constituted of members including the Medical Superintendent two ladies and five men. The members are remunerated in way of meetings attendance allowances in accordance with the Salaries and remuneration commission rates.

The Board reports to the County Executive Committee Member for Medical Services and Public Health, Kajiado County.

The role of the Board is to effectively represent and promote the interests of LSCH and thereby all the stakeholders. The Board Directs and supervises the management of the businesses and affairs of the hospital.

LSCH Board is rich in culture and mix of skills set as outlined in the List of the Board of Directors page clearly demonstrating a very competent Board.

In the Financial year 2024/2025, the board held three regular Board meetings. All the board meetings attendance was quorate.

The Board of Directors who attended Board Meetings during the Fy 2024/2025 are

S/N	NAME	TITLE
1	Eng. Joseph N.Nkadayo, MBS	Board Chairman
2	Ms. Nice Nailantei Lengete	Non-Executive Director
3	Ms. Susan Similoi Teretui	Non-Executive Director
4	Dr. Ezekiel Kapkoni	Executive Director
5	David Leboo Kurao	Non-Executive Director
6	Dr. Benson Leyian Ntoyian	Non-Executive Director

All the directors are Independent apart from the Medical superintendent who is the in-charge of the facility. Subsequently, they are not involved in day to day running of the hospital.

The hospital Board have three Board committees as follows;

S/NO	NAME	CHAIRPERSON
1	Audit Risk and Governance committee	Dr. Benson Leyian
2	Finance and Human Capital Committee	David Leboo
3	Technical Committee	Susan Simaloi

The hospital Board committees held two meetings in the FY 2024/2025, namely the Audit risk and Governance Committee as well as the Finance and Human Capital Committee.

The Board Chairman attended training on financial reporting together with the Chief Executive Officer for three days in November 2024.

Board members have a duty to avoid any conflicts of interest between their duty to the hospital and their own interest. Any conflicts of interest must be declared. In the financial year 2024/2025 there was no conflict of Interest declaration from any Director.

Board members have a responsibility to uphold the highest standards of ethical behaviour Our Code of Ethics guides our conduct and decision-making processes. The Board of Directors actively foster a culture of ethical conduct in LSCH.

We actively engage with our shareholders and other stakeholders, ensuring that their views are heard and considered in our decision-making process.

We are committed to upholding the highest standards of corporate governance and will continue to review and enhance our governance practices to meet the evolving needs of the hospital, the citizens we serve, the staff and all our stakeholders.

9. Management Discussion and Analysis

Loitokitok Sub–County Hospital is one of the sub county hospitals in Kajiado County and is situated in Kajiado South Constituency.
It is the primary referral Centre for the lower levels of care (dispensaries and health Centre's) in Kajiado South.
The hospital has the following Departments: Outpatient, ENT, Eye, Psychiatric, Orthopedic, Physiotherapy, Occupational Therapy, MCH, CCC, Theatre, Inpatient Departments (Maternity ward, NBU ward, Female ward, Male ward, Pediatric and TB ward). With a bed capacity of 154 beds and hosts a TB/Manyatta with a bed capacity of 75.

The hospital has a daily workload of 350 patients and outpatient clinics which run from Tuesday to Thursday every week i.e.: SURGICAL, OBS/GYNA, MEDICAL, ORTHOPAEDIC SURGICAL and PAEDIATRIC outpatient clinic.

The year ended June 30th 2024 was a tough year for LSCH. Being a County facility, operations and service delivery in the hospital were greatly affected by Industrial actions by health care workers {Clinical officers, Nurses and the UHC staffs}, transition from NHIF to SHA from 0ctober 2024 and power disconnection in the month of December due to non-payment of Power Bills. Despite the many challenges, the hospital strived to keep the facility running during strike periods through engagement of staff on locum basis as outlined in the County Government of Kajiado Locum Policy. The use of the hospital generator as an alternate source of power could not support some operations requiring three phase power output like the x-rays and CSSD. The hospital was able to use smaller autoclaves for sterilization. The report below outlines the clinical performance of the hospital for the year 2024/2025.

LSCH TOP TEN CAUSES OF MORBIDITY JUL 2024 – JUN 2025

UNDER 5

1. Upper respiratory tract infections
2. Diarrhoea
3. Pneumonia
4. Diseases of the skin
5. Tonsillitis
6. Eye infection
7. Injuries
8. Anaemia
9. Ear infection
10. Urinary Tract Infections

OVER 5

1. Upper respiratory tract infections
2. Urinary tract infections
3. Injuries
4. Eye infections
5. Muscular skeletal conditions
6. Hypertension
7. Pneumonia
8. Diabetes
9. Diarrhoea
10. Ear infections

LSCH TOP TEN CAUSES OF MORTALITY JUL 2024 – JUN 2025

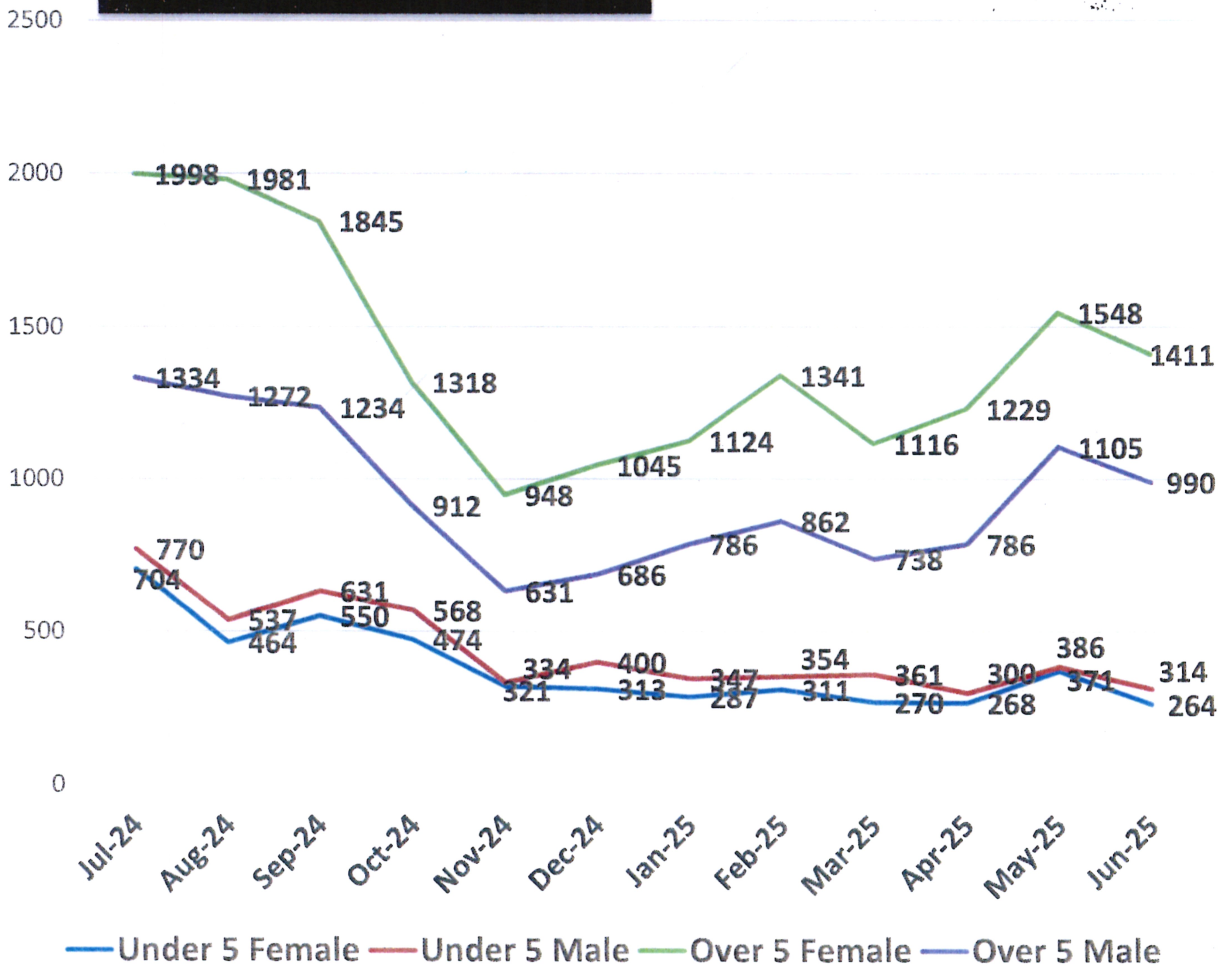
UNDER 5

1. Pneumonia
2. Severe Birth Asphyxia
3. Prematurity
4. Neonatal Sepsis
5. Meconium Aspiration
6. Diarrhea
7. Heart disease
8. Tuberculosis
9. Meningitis
10. Burns

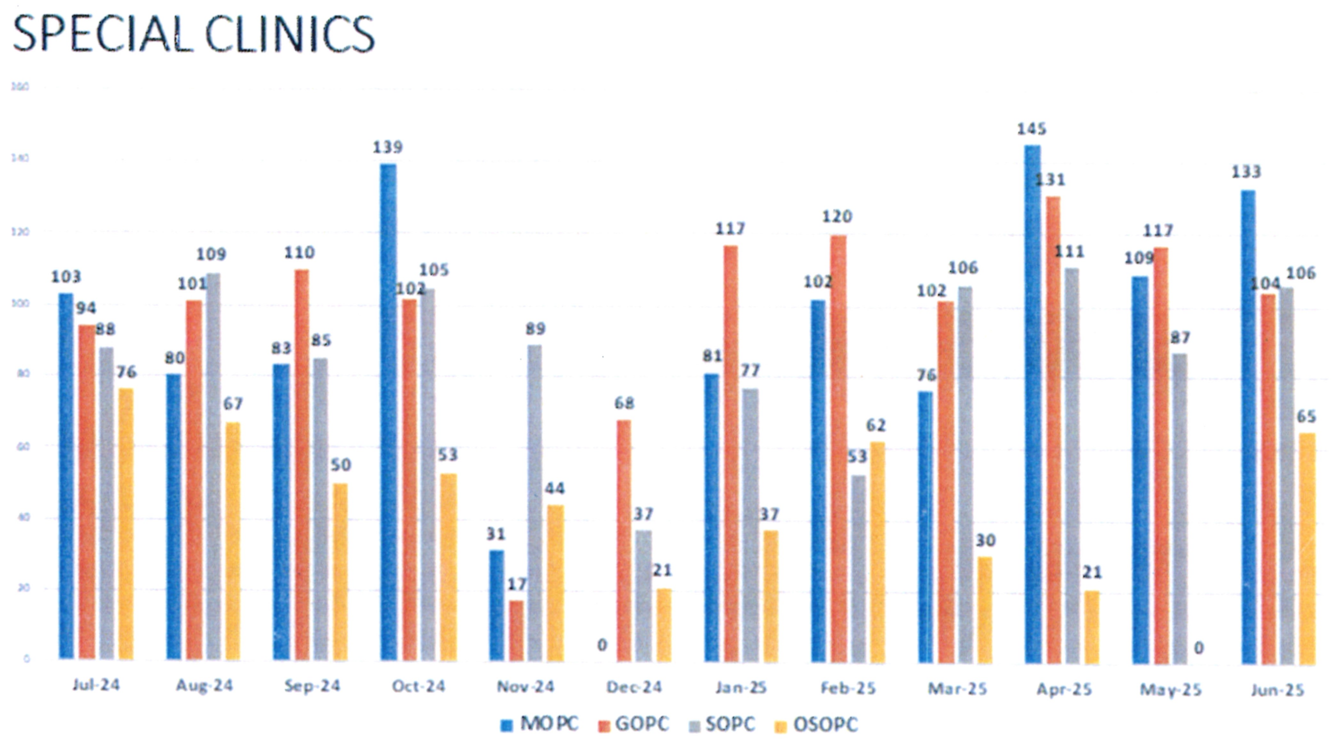
OVER 5

1. Pneumonia
2. Neoplasms
3. Hypertension
4. HIV Complications
5. Road Traffic Accidents
6. Severe Anemia
7. Diabetes Mellitus
8. Diarrhea
9. Heart disease
10. Poisoning

LSCH OUTPATIENT UTILIZATION



The sharp drop in OPD attendance from October 2024 was due to transition from NHIF to SHA as majority of patients had been enrolled in NHIF with some under UHC NHIF cover by the county government. After training and establishing SHA registration desks in the Hospital, the workload started picking slowly but immediately affected by Industrial actions by Health care workers in different cadres in march and April 2025. Shortage of staff is also causing low turn-up of patients since the waiting time is long.



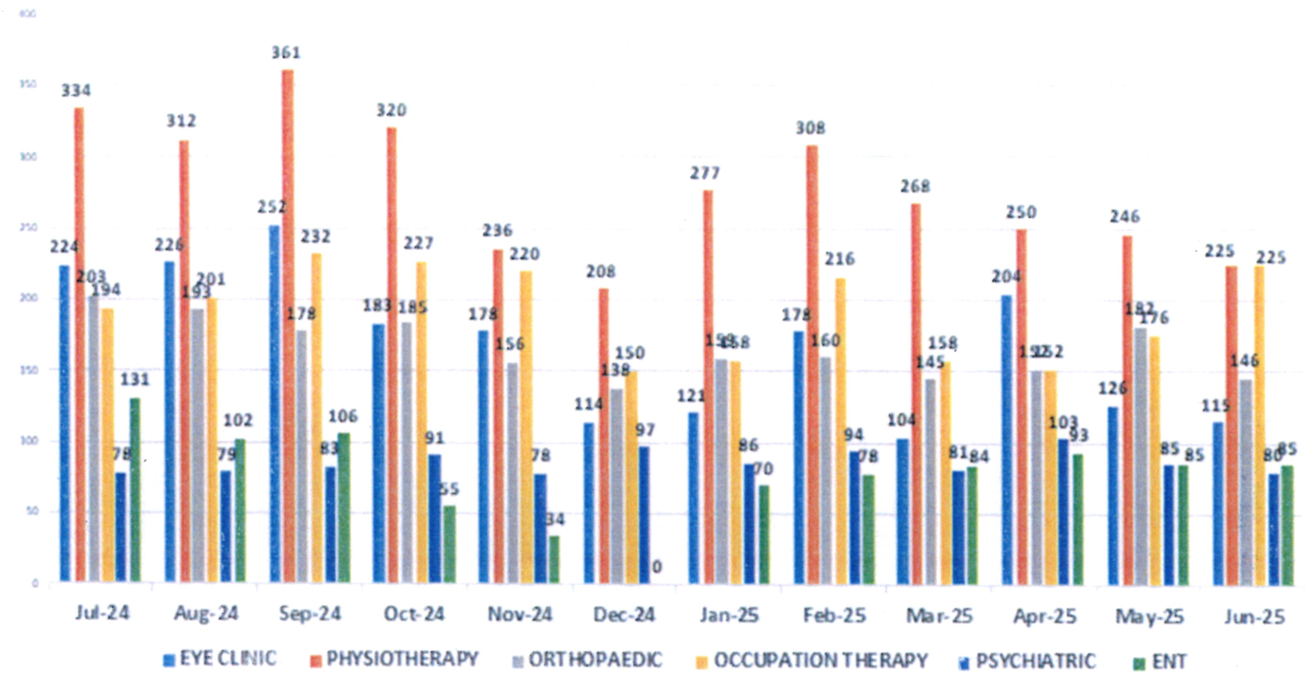
NOTE

i. Special clinics were also affected by the transition from NHIF to SHA.

ii. Orthopaedics clinic hasn't picked up well due to constant services disruptions. However, the hospital has been able to perform orthopaedic procedures under SHA, this will attract clients to the hospital.

iii. In Dec 2024 the Physician was on leave and in May 2025 the Orthopaedic surgeon was also on leave parts of April and May

SPECIAL CLINICS CONT'



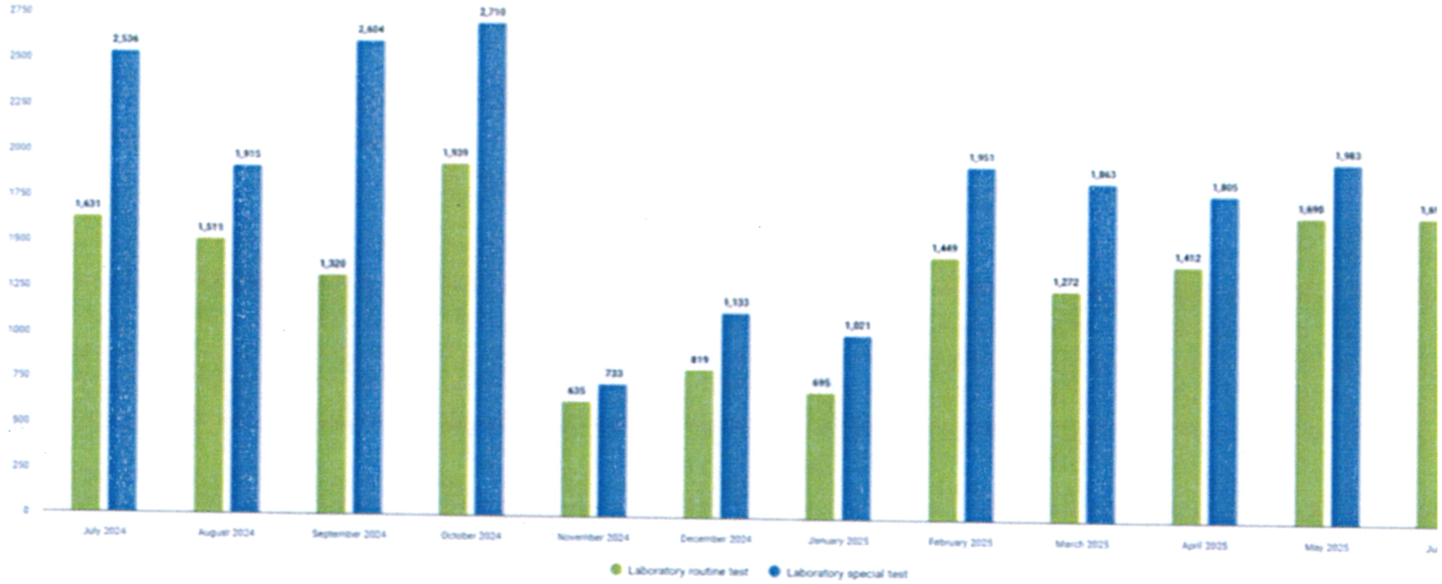
i. Physiotherapy and Nutrition clinics performance stands out amongst other clinics as they were not affected by strike.

ii. There were no ENT Services in December 2024 since the only ENT clinician in the facility went on annual leave

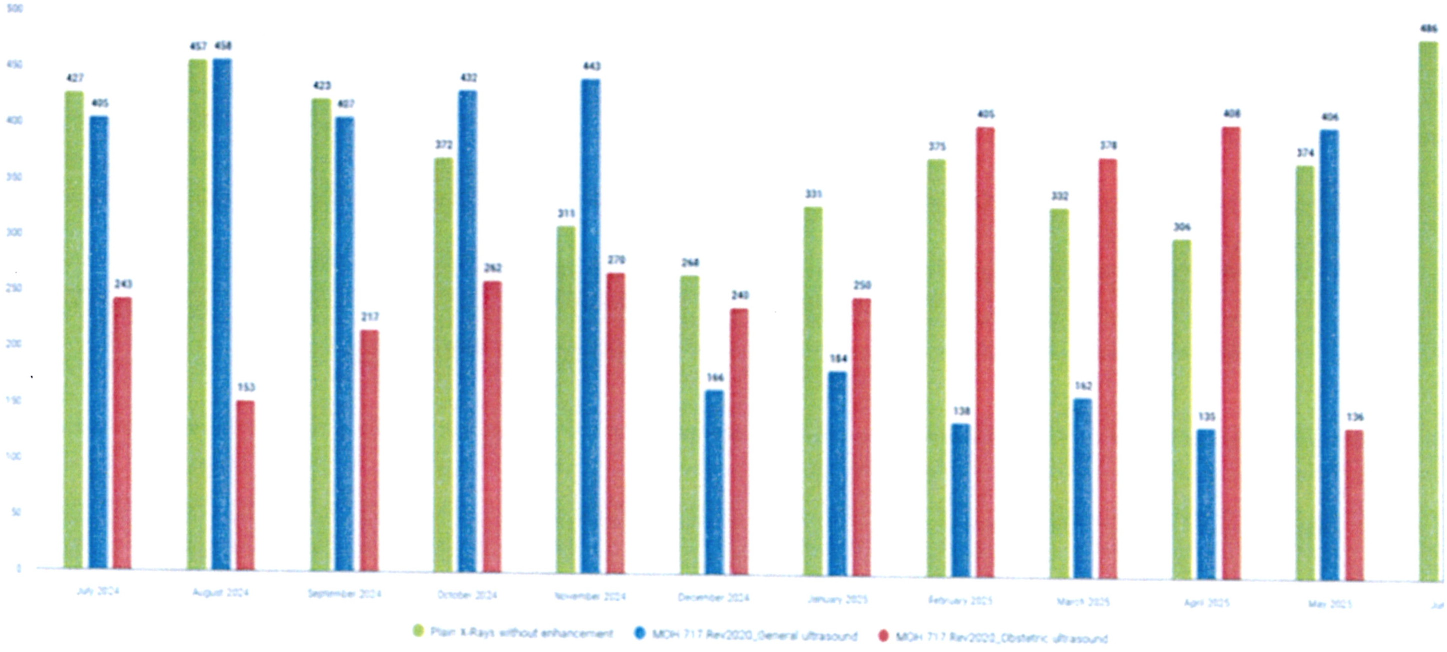
Other outpatient services including Laboratory, radiology and MCH performance trends are as shown in the graphs that follows.

- ✓ Laboratory services were affected by SHA in November and December 2024.
- ✓ The services were also greatly affected by the Clinical Officers strike, prolonged nurses strike which affected inpatient services as well as the Medical Lab technologists strike.

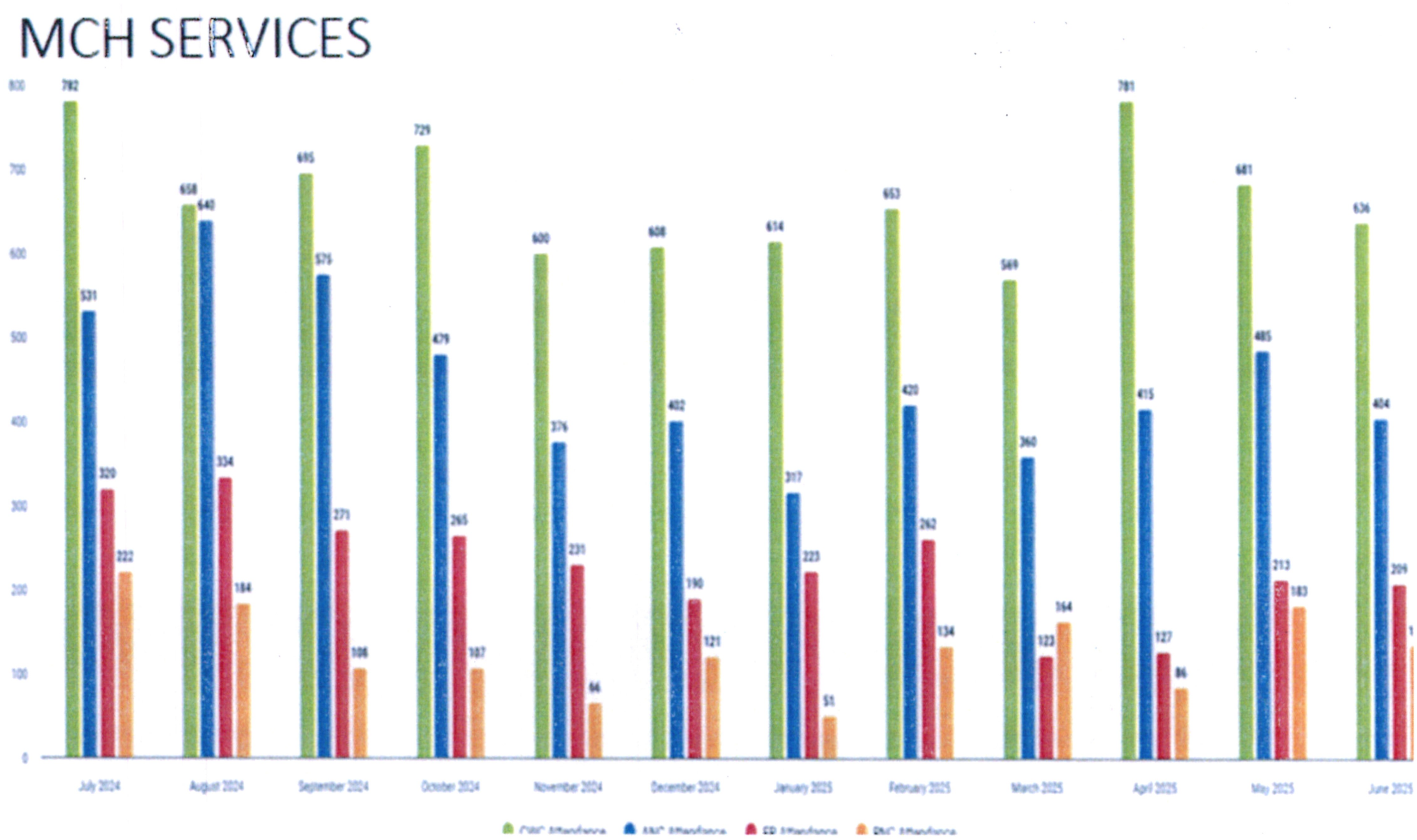
LABORATORY



RADIOLOGY



Obstetric Ultrasound and X-rays work load just like the other departments were slightly affected by Nhif-SHA transition,X-Rays went down in November and December due to lack of power in the hospital. The work load then steadily rose while the General ultrasound workload went down due to lack of clients in the Opd and inpatient.

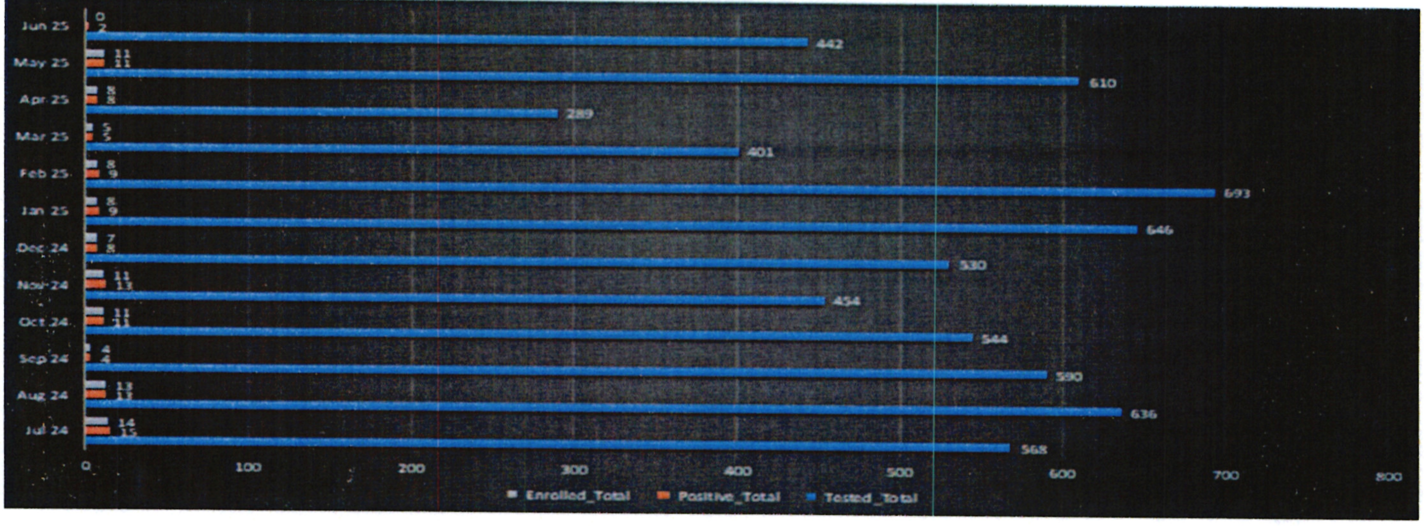


MCH workload was affected by Nurses strike in march 2025 after which the hospital contracted some staff on LOCUM for the department.

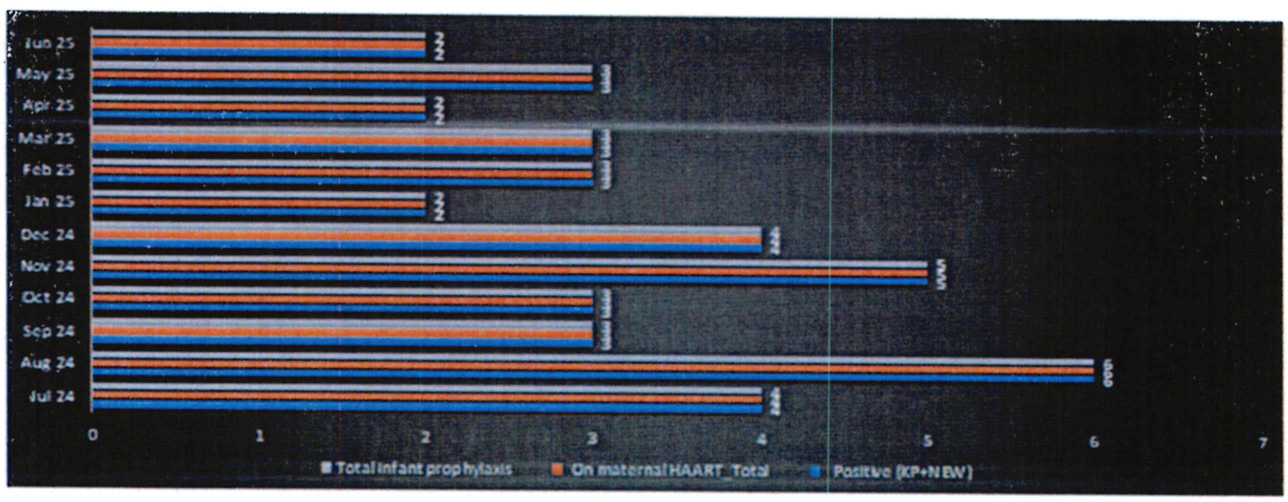
COMPREHENSIVE CARE CLINIC PERFORMANCE

The performance of the Lsch CCC department for fy 2024.2025 is as follows

TESTING, POSITIVE AND ENROLLMENT

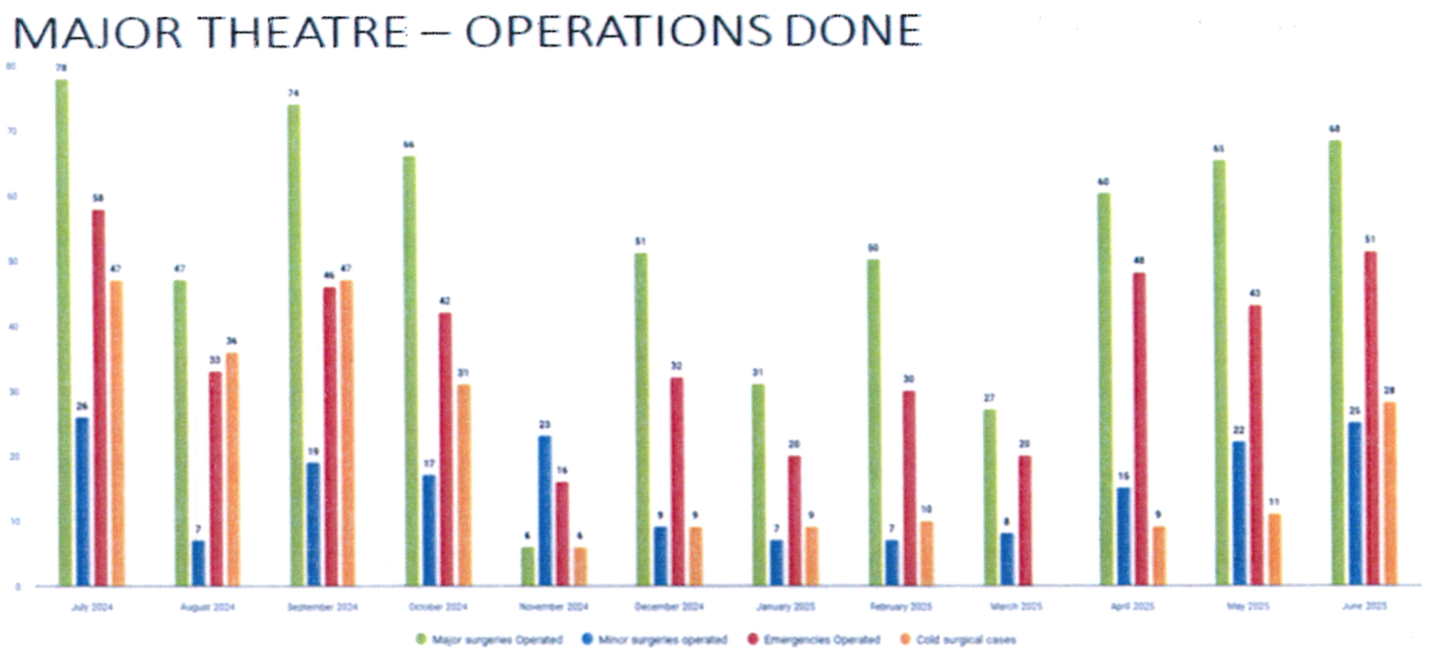


PREVENTION OF MOTHER-TO-CHILD TRANSMISSION (PMTCT)



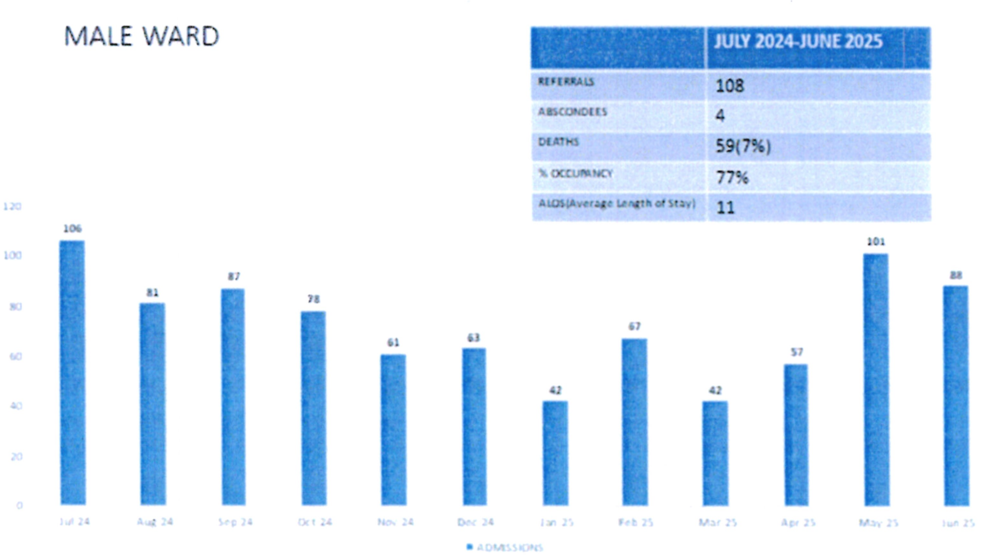
All HIV positive mothers who visited the facility were given maternal and infant prophylaxis.

INPATIENT SERVICES



Theatre operations done included both major surgeries and minor surgeries which were either emergencies or electives. The operations were either general surgeries, orthopaedic surgeries and obstetrics.
The major surgeries included

Theatre operations were also affected by transition from NHIF TO SHA and strike by clinical officers and Nurses.

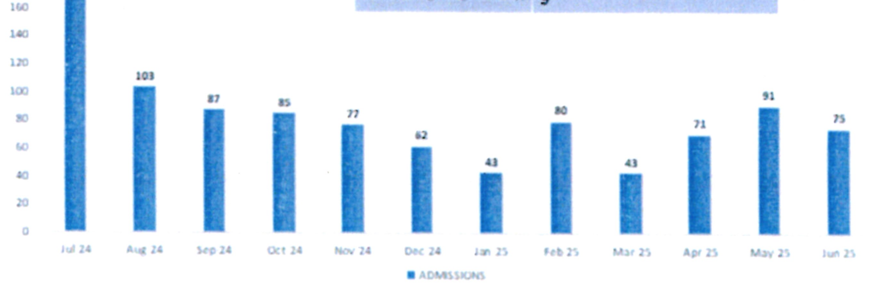


FEMALE WARD

	JULY 2024-JUNE 2025
REFERRALS	55
ABSCONDEES	4
DEATHS	47(4%)
% OCCUPANCY	72%
ALOS(Average Length Of Stay)	8

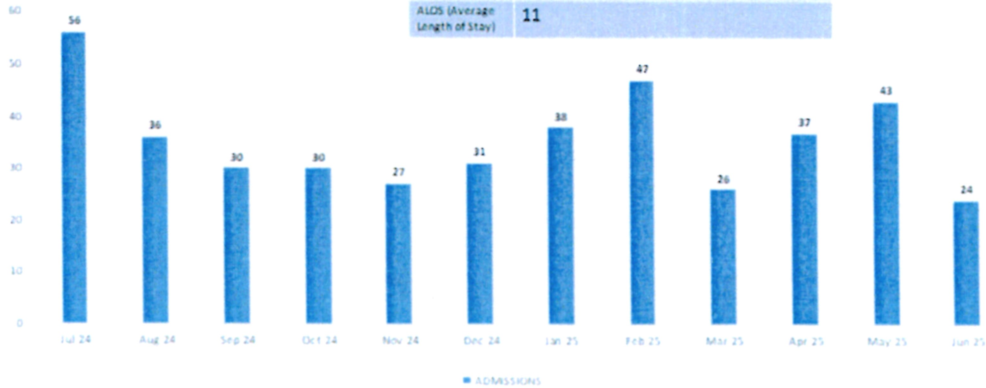
PAEDS WARD

	JULY 2024-JUNE 2025
REFERRALS	18
ABSCONDEES	0
DEATHS	18(2%)
% OCCUPANCY	68%
ALOS (Average Length Of Stay)	9



NBU

	JULY 2024-JUNE 2025
REFERRALS	9
ABSCONDEES	0
DEATHS	37(9%)
% OCCUPANCY	99%
ALOS (Average Length of Stay)	11



MATERNITY WARD

	JULY 2024 - JUNE 2025
REFERRALS	9
ABSCONDEES	0
DEATHS	5(0.3%)
% OCCUPANCY	53%
ALOS(Average Length Of Stay)	4

Generally, the reduction of admissions from November 2024 in the fy 2024/2025 was due to the transition from NHIF to SHA, frequent industrial action by Nurses and other health care workers and power disruptions.

The Average Length Of Stay (ALOS) is higher due to fractures and discharge-ins. We are working on regular audits to reduce the number of deaths.
Average Length Of stay is higher due to chronic illness like cancers, diabetes, Hypertension and others in Male and female wards
While in Paediatric Ward Average length of stay is higher due to burns and heart conditions in children.

In the new born unit, the average length of stay is higher due to prematurity and low birth weight.
Additional Incubators and Cots in the New Born unit have helped reduce Percentage occupancy to below 100% compared to the previous years.

FINANCIAL PERFORMANCE

REVENUE SOURCES

The hospital sources its funds through rendering of medical services in different departments including; Pharmacy, Inpatient & maternity, Theatre Services, Radiology, rehabilitation services, Nutrition, Farewell home services and Specialized clinics.

The Hospital collects revenue by way of charging user fees where clients pay through the hospital paybill. Further, LSCH had signed contracts with NHIF, SHA, CIC and AON-MINET in the year 2024/2025. NHIF lasted up to October 2024 when SHA took over. SHA covers outpatient for PHC services and SHIF for paid up members for All outpatient services as well as inpatient services, rebate at a rate of Ksh.3,360 per day for inpatient and packages for different Theatre procedures.

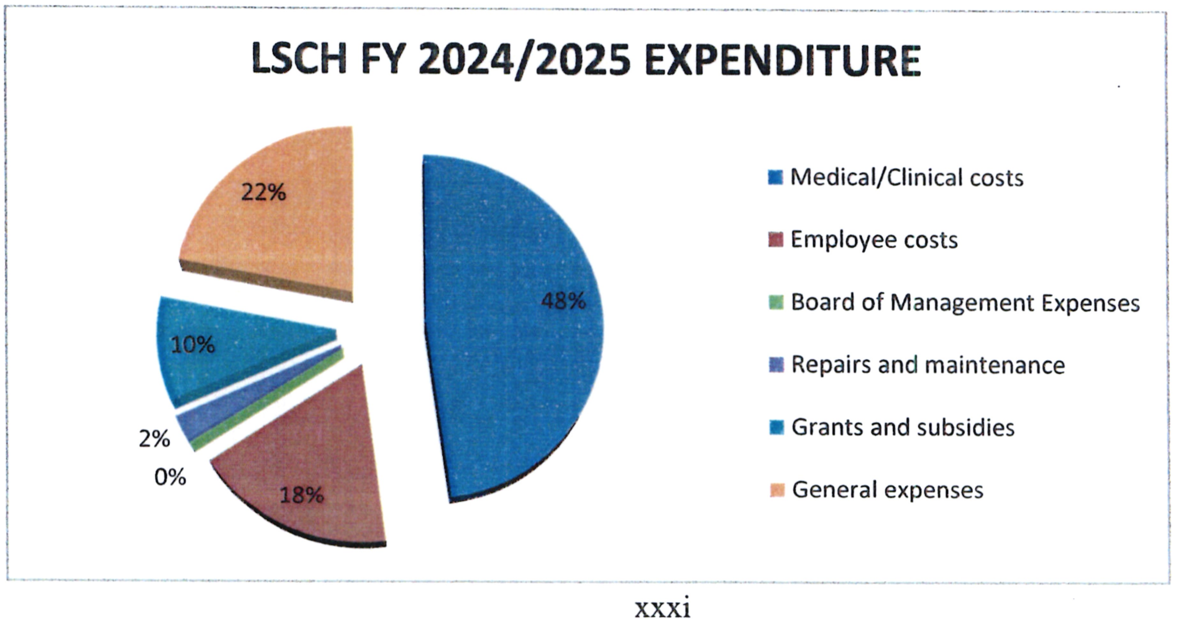
In the FY 2024/2025, LSCH collected a total of Ksh.109,951,180 which was an improvement from Ksh. 67,637,687 of the Fy 2023/2024.

REVENUE UTILIZATION

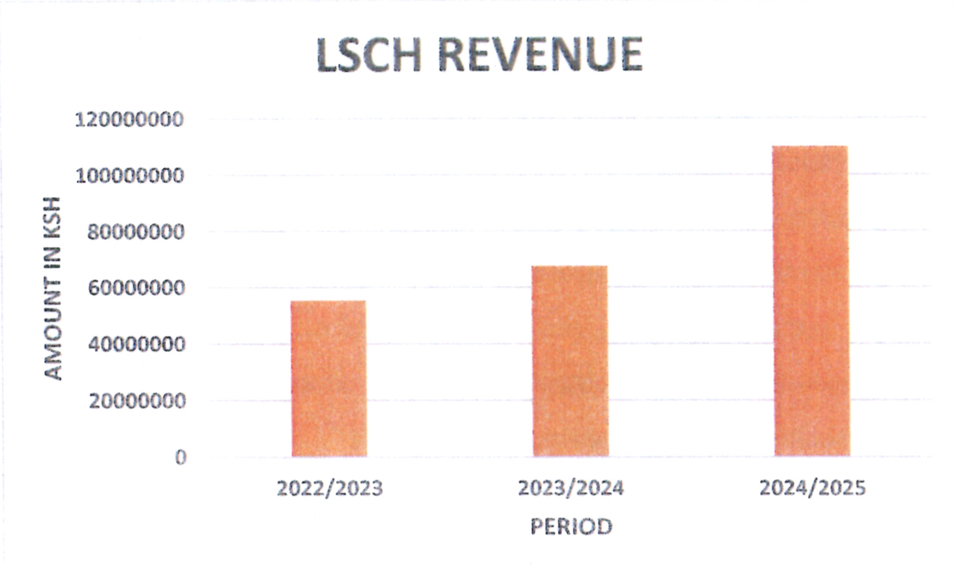
In the Fy 2024/2025, the facility utilised its facility improvement funds to cater for medical costs, Employees costs, contracted services, Repairs and maintenance, general expenses as well as procuring laptops.

The funds have ensured the hospital maintained 0ver 85% commodity fill rate. This ensured continuity of quality health care services through supplementing the County supplies by ensuring availability of laboratory tests, non-pharms used for patients care as well as medical drugs by patients among other things.

The total Revenue collection for the period was Ksh. **109,951,180.**



The highest Expenditure in the Hospital for the Year 2024/2025 is Medical cost, this is due to the nature of operations of a hospital.



The hospital revenue collection has improved gradually with the current year recording the highest revenue This is due to enhanced SHA rates for rebate and Surgical procedures.

....

Name

Secretary to the Board

10. Environmental And Sustainability Reporting

Loitokitok sub-county Hospital mandate is to formulate policies, set standards, provide health services, create an enabling environment and regulate the provision of health service delivery. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

In its effort to have sustainable political and macroeconomic sustainability the hospital Management is committed in improving the Quality of service. Through increase in staff and capacity building to reduce waiting time and offer competent services, introduction of new specialised services, improving hospital environment, Embracing social insurance especially The Government Health insurance scheme to make services affordable to community. Adopting to cost cutting measures by sourcing supplies at competitive prices and digitization to reduce paper costs and thus make health care affordable.

The hospital Staffs give health talks to citizens/patients visiting the hospital on Non-communicable diseases, further, the hospital have been working with churches around to educate the society on recommended lifestyle changes for healthy living. Screening for TB and HIV is done in the hospital and at the community for TB contacts for to reduce spread of infections.

The hospital have a Focal person for grievance redress that ensures all the community grievances are captured and addressed as they occur.

Finally, the facility have given priority to local suppliers in supply of Food and ratio, fuel, plumbing supplies among others commodities.

ii) **Environmental performance**

The hospital has an active Infection Prevention and Control (IPC) which is in charge of the environmental performance. The *IPC committee trains the hospital staffs and students on proper hospital waste segregation, handling and disposal,* There has been a tremendous reduction of communicable diseases due to awareness on waste segregation protocol amongst the staff.

Having water borehole has ensured continuous supply of clean water in the hospital.

The facility uses a modern incinerator for solid waste disposal and is connected to the Main sewerage line for liquid waste. The hospital uses reusable sacks for collection of waste from natural plantations and has provided sufficient dust bins and different colors of bin liners for segregation of waste. Innitiatives undertaken by Loitokitok Sub county hospital to fight effects of climate change includes continuous planting of trees in the hospital compound, maintaining existing trees and flowers, using clean energy for preparation of patient meals, solar heating system in Maternity ward and hoping to utilize the heat generated by the hospital incinerator in providing hot water in all the hospital wards. During the day 80% of all operating areas use natural lights.

iii) Employee welfare

Technical employees are employed by the Kajiado Public Service Board, however the hospital employs casual workers and some health care workers on Locum basis .It takes into consideration gender, experience and academic qualification and also train the workers on the various policy guiding the operations of the hospital. The Hospital uses the Human resource manuals and policy for the county Government of Kajiado on all staff.

All the hospital staff are given equal training opportunities, whether employed by the hospital or the County government or the National government or partners when they exist.

a) **Responsible competition practice.**

Being a public entity, the hospital is guided by various government policies and Acts. These guide both workers in various categories and disciplines such as nurses, to abide by various professional standards and guidelines. The requirement that all public servants must abide by Section 6 of the constitution and code of ethics for civil servants is strictly implemented by the management. All workers are not aligned to any political or religious inclination and serve the public without any form of bias. The hospital clients are at liberty whenever they chose to seek services from a different hospital of their choice.

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

Loitokitok Sub County Hospital takes cognisant of the growing risks in supply chain management which can make an organization more vulnerable to performance failure if their involved suppliers are not managed and evaluated effectively. To this effect, the organization collaborates with its suppliers to improve relationship and ensure procurement of goods and services is always done professionally and in accordance to LAW{PFM Act}, timely and qualitatively by monitoring their capabilities to meet current and future demands. The organization also maintains good business practices and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) **Responsible marketing and advertisement**

Loitokitok Sub County Hospital envision in reaching out to the general public to provide medical services to provide Health services in accordance with the generally accepted health standards in public institutions. The organization being a public entity strive to provide health services in the best way possible by following the set national and county health guidelines. The hospital have displayed service charters across all departments with corresponding service charges, payment is cashless and through a hospital paybill.

As an organization, we believe that best services will not only give you an advantage over the growing private health providers but also ensures that we adhere to the ethical practices required in the health profession. Outreaches done by the organization are therefore not for marketing but sensitization of the community on the various services the hospital offers as well as reaching out to the underprivileged in the society by providing the much needed services at no cost.

d) **Product stewardship**

The hospital protects respects, promote and fulfil the following to all its clients in provision of health services:

- To have patient's rights displayed on the walls in the outpatient and at the inpatient entrance.
- The health rights of all its clients to the progressive realization of their right to the highest attainable standard of health including reproductive health care, the right to emergency medical treatment and free maternity care.
- The rights of children to basic nutrition and health care services and extending free medication and vaccination to children under five years of age.
- The rights of vulnerable groups within the society including women, older members of the society, persons with disabilities, children e.t.c in all matters regarding health

The hospital recognizes and adheres to the role of regulatory bodies established under any written law. The hospital also treats all its clients with dignity, respect and ensures that their privacy is well respected

v) Corporate Social Responsibility / Community Engagements

The hospital engages in health outreaches to sensitize the community on health matters and reaching out to the underprivileged by providing free health test and awareness. In the financial year 2024/2025 the hospital participated in a free medical camp held at Kimana where the facility theatre was used to perform free surgical procedures. Further, the hospital participated in door to door vaccination of Children. Provision of Free first aid services to the community in times of need, provision of free first aid services during the Loitokitok water conservation walk, Registration of SHA during public rally, blood donation campaigns/ drives to ensure we have enough blood for the clients.

The hospital also assisted patients from poor background in waiving their medical bills. Further, Schools received deworming and multivitamins through the hospital nutrition department.

Report of the Board of Directors

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

Principal activities

The principal activities of the entity are and continue to be Promotive/preventive, curative, mental health, farewell services and rehabilitative services.

Results

The results of the entity for the year ended June 30 2025 are set out on pages **1 to 42**.

Board of Directors

The members of the Board who served during the year are shown on page v to vii. All the directors were appointed with effect from 15th November 2023.

Auditors

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

By Order of the Board

....

Dr. Ezekiel Kapkoni Kibelion

Secretary to the Board

11. Statement of Board of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the Facilities Improvement Financing Act, 2023 requires the Board of Directors to ensure preparation of financial statements in respect of LSCH, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Directors is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Board members are also responsible for safeguarding the assets of the *entity*.

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

The Board of Directors accepts responsibility for LSCH*'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, Financial Management and Procedures Manual for County Health Spending Units 2024 and *the Facilities Improvement Financing Act no. 14 ,2023*. The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of Loitokitok Sub county Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that Loitokitok Sub-County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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

THE MEDICAL SUPERINTENDENT
LOITOKITOK SUB-COUNTY HOSPITAL
28 AUG 2025
P.O. Box 28 - 00209
LOITOKITOK

....	....
Eng. Joseph N. Nkadayo, MBS	**Dr. Ezekiel Kapkoni Kibelion**
Chairperson	**Accounting Officer**
Board of Directors	

12. Report of the Auditor General

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

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

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Loitokitok Sub-County Level 4 Hospital - County Government of Kajiado set out on pages 1 to 43, 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 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 Loitokitok Sub-County Level 4 Hospital - County Government of Kajiado 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 County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.442,817,229 as disclosed in Note 26 to the financial statements. Included in the balance is Kshs.171,900,000 in respect to land whose ownership documents and valuation reports were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment with a balance of Kshs.171,900,000 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.28,893,095 as disclosed in Note 24 to the financial statements. Included in the balance is Kshs.9,304,000 in respect to National Hospital Insurance Fund (NHIF) claims which have been outstanding for more than one year. Management did not provide measures put in place to recover the long outstanding amounts.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.9,304,000 could not be confirmed.

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

Emphasis of Matter

Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 28 to the financial statements reflect trade and other payables balance of Kshs.21,493,050. Included in the balance are payables amounting to Kshs.7,591,143 which have been outstanding for more than three (3) years. No measures have been put in place to settle the debts.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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 Information

The Management is responsible for the Other Information set out on pages iv to xxxviii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Board of Directors Responsibilities and Statement of Performance Against Predetermined Objectives. 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. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by twenty-eight (28) or approximately 29% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	8	8	50
General Surgeons	2	1	1	50
Pediatrics	2	1	1	50
Radiologists	2	1	1	50
Kenya Registered Community Health Nurses	75	58	17	23
Total	**97**	**69**	**28**	**29**

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	133	17	11
Resuscitaire (2 in Labor & 1 in Theatre	2	1	1	50
New Born Unit incubators	5	4	1	20
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres - Maternity & General	2	1	1	50

The deficiencies contravene the First Schedule of the 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 will not be able to deliver on its mandate.

2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs of Kshs.182,556,168 as disclosed in Note 14 to the financial statements. Included in the amount is Kshs.17,393,836 in respect to salaries, wages and allowances for casuals and contractual staff. Review of records revealed that Management engaged casual workers for more than three months. This is contrary to Section B.16(1) of the County Public Service Human Resource Manual of May, 2013 which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects 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

Lack of an Integrated Revenue Management System

Review of revenue collection records revealed that the Hospital does not have an integrated Revenue Management System. The Hospital is managing its revenue manually using Excel spreadsheets which are prone to errors and manipulations.

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

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

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

13. 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		0
In- kind contributions from the County Government	7	193,392,973	32,880,514
Grants from donors and development partners	8	0	750,000
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	1,524,325
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	109,850,380	67,637,687
Miscellaneous Income	12	100,800	0
Revenue from exchange transactions		**109,951,180**	**67,637,687**
Total revenue		**303,344,153**	**102,792,526**
Expenses			
Medical/Clinical costs	13	64,090,180	65,748,658
Employee costs	14	182,556,168	7,059,933
Board of Directors Expenses	15	117,500	30,500
Depreciation and amortization expense	16	18,599,371	2,336,321
Repairs and maintenance	17	7,229,302	6,920,560
Grants and subsidies	18	9,531,009	832,020
General expenses	19	27,691,187	10,874,565
Total expenses		**309,814,717**	**93,802,557**
Net Surplus / (Deficit) for the year		**(6,470,564)**	**8,989,969**

(The notes set out on pages 7 to 41 form an integral part of the Annual Financial Statements.)
The Hospital's financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:

………………………………	………………………………	………………………………
Chairman	**Head of Finance**	**Medical Superintendent**
Board of Directors	**ICPAK No:34733**	

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

Description	Note	2024/2025 Kshs	2023/2024 Kshs
Assets			
Current assets			
Cash and cash equivalents	22	484,213	70,294
Receivables from exchange transactions	24	28,893,095	11,478,571
Receivables from non-exchange transactions		0	0
Inventories	25	11,545,897	13,169,305
Total Current Assets		**40,923,205**	**24,718,170**
Non-current assets			
Property, plant, and equipment	26	442,817,229	250,781,443
Intangible assets	27	1	0
Total Non-current Assets		**442,817,230**	**250,781,443**
Total assets		**483,740,435**	**275,499,613**
Liabilities			
Current liabilities			
Trade and other payables	28	**21,493,050**	**14,047,582**
Provisions	29	0	0
Total Current Liabilities		**21,493,050**	**14,047,582**
Non-current liabilities			
Provisions		0	0
Total Non-current liabilities		**0**	**0**
Total Liabilities		**21,493,050**	**14,047,582**
Net assets		**462,247,385**	**261,452,031**
Revaluation reserve		210,634,708	0
Accumulated surplus/Deficit		**4,907,562**	**11,378,126**
Capital Fund		246,705,115	00
Total Net Assets and Liabilities		**462,247,385**	**261,452,031**

(*The notes set out on pages 7 to 41 form an integral part of the Annual Financial Statements.*)

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

Chairman
Board of Directors

Head of Finance
ICPAK No:34733

Medical Superintendent

15. Statement of Changes in Net Asset for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	**0**	**2,388,157**	**0**	**2,388,157**
Revaluation gain	0	-	-	0
Surplus/*(deficit)* for the year	-	**8,989,969**	-	**8,989,969**
Capital/Development grants	-	-	-	0
As at June 30, 2024	**0**	**11,378,126**	**0**	**11,378,126**
At July 1, 2024	**0**	**11,378,126**	**0**	**11,378,126**
Revaluation gain	**210,634,708**	0	0	**210,634,708**
Surplus/(deficit) for the year	-	**(6,470,564)**	-	**(6,470,564)**
Capital/Development grants	-	0	**246,705,115**	**246,705,115**
At June 30, 2025 (current year)	**210,634,708**	**4,907,562**	**246,705,115**	**462,247,385**

16. 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		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		82,804,047	57,068,324
Revenue from rent of facilities		0	0
Miscellaneous receipts(*water)*		100,800	0
Total Receipts		**82,904,847**	**57,068,324**
Payments			
Medical/Clinical costs		39,238,194	30,001,349
Employee costs		16,470,502	6,459,297
Board of Directors Expenses		117,500.00	30,500
Repairs and maintenance		2,549,594	6,920,560
Grants and subsidies		0	0
General expenses		21,026,532	10,640,915
Refunds paid out		0	61,200
Total Payments		**79,402,322**	**54,113,821**
Net cash flows from operating activities	31	**3,502,525**	**2,954,503**
Cash flows from investing activities			
Purchase of property, plant, equipment		(3,088,606)	(6,373,350)
Proceeds from the sale of PPE		0	0
Net cash flows used in investing activities		**(3,088,606)**	**(6,373,350)**
Cash flows from financing activities			
Capital grants received		0	0
Net cash flows used in financing activities		**0**	**0**
Net increase/(decrease) in cash and cash equivalents		**413,919**	**(4,703,547)**
Cash and cash equivalents as at 1 July	22	70,294	3,489,141
Cash and cash equivalents as at 30 June	22	**484,213**	**70,294**

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

17. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	**70,294**	**0**	**70,294**	**70,294**	**0**	
Receipts						
Transfers from the County Government	0	0	0	0	0	%
Grants from donors and development partners	0	0	0	0	0	%
Transfers from other Government entities	0	0	0	0	0	%
Public contributions and donations	0	0	0	0	0	%
Rendering of services- Medical Service Income	38,621,542	32,532,508	71,154,050	82,804,047	-11,649,997	116%
Miscellaneous receipts (water)	0	0	0	100,800	-100,800	
Total receipts	**38,621,542**	**32,532,508**	**71,154,050**	**82,904,847**	-11,750,797	117%
Payments					0	
Medical/Clinical costs	13,136,748	17,375,987	30,512,735	39,238,194	-8,725,459	129%
Employee costs	9,425,506	5,361,803	14,787,309	16,470,502	-1,683,193	111%
Remuneration of directors	159,000	0	159,000	117,500	41,500	74%
Repairs and maintenance	3,937,438	1,001,990	4,939,428	2,549,594	2,389,834	52%
Grants and subsidies	0	0	0	0	0	
General expenses	10,310,850	7,166,014	17,476,864	21,026,532	-3,549,659	120%
Refunds	0	0	0		0	
Surplus for the period	1,652,000	1,626,714	3,278,714	3,502,525	-223,811	107%
Total Operational Expenditure paid	**38,621,542**	**32,532,508**	**67,875,336**	**79,402,322**	-11,526,986	117%
Capital Expenditure paid	**1,652,000**	**1,626,714**	**3,278,714**	**3,088,606**	190,108	94%
Surplus			**0**	**413,919**	**-413,919**	

Budget notes

Revenue Projections: Low budget ceilings were set for hospitals due to uncertainty in SHA transition. As at the time of the supplementary in January 2025, **SHA claims had not yet picked but gained momentum in February 2025** .

Medical/Clinical costs. The hospital did not receive the Quarterly KEMSA RIGHTS allocation by the county for quarter 2 and quarter 4 as was projected, note the estimated quarterly allocation is on average Ksh.3M thus the hospital had to bear the medical costs to keep the facility running

Employees cost. The over-expenditure was due to industrial action by health care worker that necessitated locum staff. To keep the hospital running, the hospital management used the County Government Of Kajiado Locum policy to engage staff . Further, there was suspension of cleaning services by the contracted company due to non-payment by the county therefore, the hospital management engaged cleaners on short term contract basis to bridge the cleaning gap from September 2024 which increased the salary and wages.

Repairs and maintenance; The hospital had projected to do renovations for non-pharm stores, pediatric ward(acute room) morgue and kitchen in the FY 2024/2025.However,the cost was borne by the county through in kind contributions.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	413,919
1	Cash Opening Balance as at July 1 2024	70,294
	Closing Cash and Cash Equivalent as per the statement of Cash flows	484,213

18. Notes to the Financial Statements

1. General Information

Loitokitok Sub county Hospital entity is established by and derives its authority and accountability from the Health Act CAP 241. The entity is wholly owned by the County Government OF Kajiado and is domiciled in Kajiado County in Kenya. The entity's principal activity is provision of Medical Services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of most items of property, plant, and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and Kajiado County *FIF ACT 2020*, 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	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees

Standard	Effective date and impact:
	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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. 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.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of

Standard	Effective date and impact:
	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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** 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 &	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:

Standard	Effective date and impact:
Evaluation of Mineral Resources	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 Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 4th November 2024 . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of ***KSH. 32,532,508*** on the FY 2024/2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. 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. A valuation was done in the Hospital in Fy 2024/2025 in September 2024 and thus the PPE value is the value from the valuation.

Notes to the Financial Statements (Continued)

e. **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.

f. **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.

g. **Financial instruments**

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

h. 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.

i. Provisions

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

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

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

Notes to the Financial Statements (Continued)

j. Contingent liabilities

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

k. Contingent assets

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

l. Nature and purpose of reserves

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

m. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

n. Employee benefits

Retirement benefit plans

The County Government of Kajiado provides retirement benefits for Loitokitok sub-county employees employed by the Kajiado County Public service Board . 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.

o. Related parties

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

the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p. 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.

q. Comparative figures

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

r. Subsequent events

The hospital received Ksh 4,276,983.00 in July which was utilised to settle Trade and other payables including employment dues.
Major renovations to pave way for CT-Scan machine installation was kick-started on 17th July 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to Financial Statements Continued

Provisions

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

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	**0**	**0**

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	165,162,332	0
Medical supplies-Drawings Rights (KEMSA)	5,822,382	8,2024,193
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	7,948,393
Utility bills (KPLC)	5,893,642	2,952,798
Face lift ref:CGK/RFQ/DEV/HS/05/2024/2025	4,899,028	0
Food Supplies	0	7,115,130
Cleaning Services	0	6,660,000
LPG Gases	267,460	0
Medical Oxygen	11,348,129	0
Total grants in kind	**193,392,973**	**32,880,514**

8. Grants From Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Other grants (Safaricom Foundation)	0	750,000
Total grants from development partners	**0**	**750,000**

(LSCH RECEIVED A PROMISE GRANT OF 60M for construction of Maternity and NBU Unit. Construction had not begun as at 30th June 2025).

(The facility also received Ant TBs, HIV Drugs and Anti Malaria Drugs from Global Fund)

(LSCH received Family Planning commodities from – GOK/MOH, UNFPA, CHAI-UNITAID)

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					0
JICA					0
World Bank					0
Other Grants (Safaricom Foundation)					750,000
Total					**750,000**

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)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	**0**	**0**

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(Oxygen from Amref)	0	1,524,325
Donations in kind-amortised	0	0
Total donations and sponsorships	**0**	**1,524,325**

(*Entepesi Kenya donated a blood donation Rollup banner to LSCH on December 2024*)

10 (a)Reconciliations of amortised grants

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	**0**	**0**
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	**0**	**0**

Notes to Financial Stbatements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals		17,056,827
Non-Pharmaceuticals		8,032,939
Laboratory		12,348,543
Radiology		6,831,399
Orthopedic and Trauma Technology		967,782
Theatre		
Accident and Emergency Service		3,984,983
Anesthesia Service		
Ear Nose and Throat service		158,077
Nutrition service		110,857
Cancer centre service	109,850,380	0
Dental services		0
Reproductive health		0
Paediatrics services		0
Farewell home services		3,586,485
Registration fee		1,480,136
Ward fees		5,522,048
Special clinic		1,366,280
Medical records		1,252,423
Other medical services income		4,938,908
Total revenue from the rendering of services	**109,850,380**	**67,637,687**

12. Miscellaneous Income

Description	Insert Current FY 2025	Insert Comparative FY 2024
	KShs	KShs
Sale of goods (water)	100,800	0
Total Miscellaneous income	**100,800**	**0**

Notes to the Financial Statements (Continued)

13. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	195,450	0
Laboratory chemicals and reagents	7,565,803	3,612,016
Public health activities	0	0
Food and Ration	8,279,723	746,583
Uniform, clothing, and linen	1,316,275	2,292,285
Dressing and Non-Pharmaceuticals	13,854,871	10,765,499
Pharmaceutical supplies	12,455,937	8,708,902
Health information stationery	0	2,411,790
Reproductive health materials	0	0
Sanitary and cleansing Materials	1,410,710	1,803,744
Purchase of Medical gases	1,387,900	119,000
X-Ray/Radiology supplies	453,000	884,000
Other medical related clinical costs (*specify*)	17,170,511	34,404,839
Total medical/ clinical costs	**64,090,180**	**65,748,658**

(*Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)*

14. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	17,393,836	7,059,933
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs *(Kajiado County employees)*	165,162,332	0
Employee costs	**182,556,168**	**7,059,933**

The county government of Kajiado paid 111 county employees who worked in Lsch in the fy 2024/2025

Notes to the Financial Statements (Continued)

15. Board of Directors Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria		0
Sitting allowance	67,000	24,500
Mileage	50,500	6000
Insurance expenses		0
Induction and training		0
Travel and accommodation allowance		0
Airtime allowances		0
Total	**117,500**	**30,500**

16. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	18,599,371	2,336,321
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	**18,599,371**	**2,336,321**

The huge depreciation difference is due to Valuation of Asset which resulted to revaluation gain.

17. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	420,314.00	5,049,321
Property- Building county	4,899,028.00	
Medical equipment	703,670.00	0
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	48,600.00	0
Motor vehicle expenses	1,157,690.00	1,871,540
Maintenance of civil works	0	0
Total repairs and maintenance	**7,229,302.00**	**6,920,560**

Notes to the Financial Statements (Continued)

18. Grants And Subsidies

Description	2024/2025 Kshs	2023/2024 Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies	9,531,009	832,020
Total grants and subsidies	**9,531,009**	**832,020**

19. General Expenses

Description	2024/2025 Kshs	2023/2024 Kshs
Advertising and publicity expenses	0	0
Catering expenses	1,568,303	1,006,135
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Bank charges	22059	22,537
Conferences and delegations	0	0
Contracted services	2,714,400	2,035,800
Electricity expenses	3,920,738	1,000,000
Fuel and Lubricants	6,176,865	5,362,808
Charcoal and other fuels	53500	0
Travel and accommodation allowance	3,607,147	300,000
Courier and postal services	9,450	9,450
Printing and stationery	2,886,623	233,650
Water and sewerage costs	75,000	221,685
Telephone and mobile phone services	365,500	468,000
Internet expenses	130,500	214,500
General expenses others(County donation in Kind)	6,161,102	0
Total General Expenses	**27,691,187**	**10,874,565**

20. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	**0**	**0**

21. Impairment Loss

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	**0**	**0**

22. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	484,213	70,294
Cash in hand	0	0
Others(*specify*)- Mobile money	0	0
Total cash and cash equivalents	**484,213**	**70,294**

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) **Current account**			
Kenya Commercial bank	1152194119	484,213	70,294
Equity Bank, etc		0	0
Sub- total		**484,213**	**70,294**
b) **Others(*specify*)**		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		**0**	**0**
		0	**0**
Grand total		**484,213**	**70,294**

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

23. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

24. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	28,893,095	11,478,571
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	**28,893,095**	**11,478,571**

The hospital is owed about 25million by the defunct NHIF From Free Maternity package{Linda Mama].

24.(a) Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY2024/2025	**% of the total**	**Comparative FY2023/2024**	**% of the total**
Less than 1 year	**19,589,095**	68%	11,478,571	100%
Between 1- 2 years	9,304,000	32%	0	%
Between 2-3 years	0		0	%
Over 3 years	0		0	%
Total (a+b)	**28,893,095**	**100%**	**11,478,571**	**100%**

Notes to the Financial Statements (Continued)

25. Inventories

Description	2024/2025 KShs	2023/2024 KShs
Pharmaceutical supplies	3,749,050	4,586,253
Non-pharmaceuticals	5,775,779	8,395,429
Maintenance supplies	0	15,400
Food supplies	103,068	121,223
Linen and clothing supplies	0	0
Lab-reagents	1,918,000	
Cleaning materials supplies	0	51,000
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	**11,545,897**	**13,169,305**

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	13,169,305	
Additional Inventory in the year	65,660,528	
Inventory expensed in the year	67,284,246	
Write-downs in the year	0	
Others specify	0	
Closing balance	**11,545,587**	**13,169,305**

26. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh M	Ksh M	KshM	KshM	KshM	KshM	KshM	KshM
Cost								
At 1 July 2023	**80**	**154.781**	**9**	**55.778**	**0**	**9.932**	**0**	**309.491**
Additions	0	2.134566	0	0.802692	4.010965	1.168841	0	**8.117064**
Disposals	0	0	0	0	0	0	0	**0**
Transfers/adjustments	0	0	(9)	(55.49)	0	0	0	**(64.49)**
Revaluation Adjustments	0	0	0	0	0	0	0	**0**
At 30th Jun 2024	**80**	**156.915566**	**0**	**1.090692**	**4.010965**	**11.101**	**0**	**253.118**
At 1 July 2024 (current year)	80	156.915566	0	1.090692	4.010965	11.101	0	**252.118**
Additions	0	0	0	0	0.36424	1.453316	0	**1.817556**
Disposals	0	0	0	0	0	0	0	**0**
Transfer/adjustments	0	0	0	0	0	0	0	**0**
Revaluation Adjustments	91.9	50.322434	0	16.131624	5.46205	46.8186	0	**210.634708**
At 30th Jun 2025	**171.9**	**207.238**	**0**	**17.222316**	**9.837255**	**59.372916**	**0**	**465.570487**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation and impairment	Ksh M	Ksh M	KshM	KshM	KshM	KshM	KshM	KshM
At 1 July 2023	0	0	0	0	0	0	-	**0**
Depreciation for the year	0	0	0	0.01516554	1.009165	1.312	-	**2.336**
Disposals	0	0	0	0	0	0	-	0
Impairment	0	0	0	0	0	0	0	**0**
At 30 June 2024	**0**	**0**	**0**	**0.01516554**	**1.009165**	**1.312**	**-**	**2.336**
At July 2024	**0**	**0**	**0**	**0.01516554**	**1.009165**	**1.312**	**-**	**2.336**
Depreciation	0	3.10857	0	2.581073	2.144587	10.765142	-	18.599371
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	**0**
Transfer/adjustment	**0**	**0**	**0**	**(0.01516554)**	**(1.009165)**	**(1.312)**	-	**(2.336)**
At 30th June 2025	**0**	**3.10857**	**0**	**2.581073**	**2.144587**	**10.765142**	**-**	**18.599371**
Net book values								
At 30th Jun 2024	80	156.915566	0	1.07552646	3.0018	9.789	0	250.781
At 30th Jun 2025	171.9	204.12943	0	14.626078	6.319263	45.842458	0	442.817229

Notes to the Financial Statements (Continued)

27. Intangible Assets-Software

Description	Insert Current FY 2025	Insert Comparative FY 2024
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions–Internal development	0	0
Disposal	0	0
At end of the year	**0**	**0**
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	**0**	**0**

The facility have an EMR system in the Outpatient department. Kenya EMR 2.X developed by Health IT Kenya.

28. Trade and other Payables

Description	2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	19,624,750.00		13,102,616	
Employee dues	1,868,300.00		944,966	
Third-party payments *(e.g. unremitted payroll deductions)*	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	**21,493,050**		**14,047,582**	
Ageing analysis:	**Current FY2024/2025**	**% of the Total**	**Comparative FY 2023/2024**	**% of the total**
Under one year	13,901.907.00	65%	**5,289,939**	38%
1-2 years	0	0%	**0**	0%
2-3 years	0	0%	**8,757,643**	62%
Over 3 years	7,591,143.00	35%	**0**	0%
Total	**21,493,050**	**100%**	**14,047,582**	**100%**

29. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year	**0**	**0**	**0**	**0**
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	**0**	**0**	**0**	**0**
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	**0**	**0**	**0**	**0**

30. Borrowings

Description	2024/2025 KShs	2023/2024 KShs
Balance at beginning of the period	**0**	**0**
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	**0**	**0**

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

Description	2024/2025 KShs	2023/204 KShs
Current Obligation	13,901,907	14,047,582
Non-Current Obligation	7,591,143	0
Total	**21,493,050**	**14,047,582**

31. Cash Generated from Operations

Description	2024/2025 KShs	2023/2024 KShs
Surplus for the year before tax	-6,571,364	8,989,969
Adjusted for:		
Depreciation	18,599,371	2,336,321
Non-cash grants received	0	
Impairment	0	
Gains and losses on disposal of assets	(0)	
Contribution to provisions	0	
Contribution to impairment allowance	0	
Working Capital adjustments		
Increase in inventory	1,623,408	(2,619,695)
Increase in receivables	(17,414,524)	(9,737,343)
Increase in deferred income	0	0
Increase in payables	7,445,468	1,568,176
Increase in payments received in advance	0	0
Net cash flow from operating activities	**3,682,359**	**2,954,503**

Notes to the Financial Statements (Continued)

32. 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				
Receivables from exchange transactions	11,478,571	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	70,294	0	0	0
Total	**11,548,865**	**0**	**0**	**0**
At 30 June 2025				
Receivables from exchange transactions	28,893,095	19,589,095	9,304,000	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	484,213	0	0	0
Total	**29,377,308**	**19,589,095**	**9,304,000**	**0**

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from defunct NHIF. The Board of Directors 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 Directors 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	402,000	724,138	11,976,678	13,102,816
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	944,966	0	0	694,048
Total	**1,346,766**	**724,138**	**11,976,678**	**14,047,582**
At 30 June 2025				
Trade payables	7,427,575	2,863,990	9,333,185	19,624,750
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	1,868,300	0	0	1,868,300
Total	**9,295,875**	**2,863,990**	**9,333,185**	**21,493,050**

(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 no transactional currency exposures as it does not transact in currencies other than the local currency.

b) Interest rate risk

Loitokitok Sub-county Hospital does not have Bank fixed deposits and thus not exposed to interest rate risk.

iv)Capital Risk Management

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

Description	2024/2025	2023/2025
	Kshs	Kshs
Revaluation reserve	210,634,708	0
Retained earnings	4,907,562	11,378,126
Capital reserve	**246,705,115**	**250,073,905**
Total funds	462,247,385	261,452,031
Total borrowings	21,493,050	14,047,582
Less: cash and bank balances	(484,213)	(70,294)
Net debt/ (*excess cash and cash equivalents*)	21,008,837	13,977,288
Gearing	4.54%	5.35%

Notes to the Financial Statements (Continued)

33. 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.

Kajiado County Government is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The related parties include:

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

Description	2024/2025 Kshs	2023/2024 Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	**0**	**0**
b) Grants from the Government		
Grants from County Government	0	
Grants from the National Government Entities	0	0
Donations in kind	193,392,973	0
Total	**193,392,973**	**32,880,514**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	**0**	**0**
d) Key management compensation		

Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	117,500	30,500
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	**117,500**	**0**

34. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	**Kshs**
Authorised For	0	0
Authorised And Contracted For	0	0
Total	**0**	**0**

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

35. Events after the Reporting Period

The hospital received Ksh 4,276,983.00 in July which was utilised to settle Trade and other payables including employment dues.
Major renovations to pave way for CT-Scan machine installation was kick-started on 17th July 2025.

36. 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 Kajiado.

37. Currency

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

19. 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: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1	Inaccuracies in the Financial Statements	Financial statements updated to reflect accurate Grants and subsidies, trade and other payables, Correct classification of expenses correctly captured in ledgers supporting financial statements		January 2025
2	Unbalanced statement of Financial Position	Statement updated		January 2025
3	Unsupported Trade and other Payables Criteria	Correct balance for Trade and other Payables were computed and presented in the financial statement .List of Debtor availed with the corresponding invoices.		January 2025
4	Non-disclosure of Employee costs paid by the County Government	Letter written to the County through department Human Resource		September 30th 2025
5	Non-disclosure if Intangible Assets	Amount disclosed in the financial statement		January 2025
6	Management of NHIF Claims- Variances in Revenue from Rendering Services	The Management revised the financial statement to reflect the accurate balance by including the missing receivable of Ksh. Kshs.9,595,000		January 2025
6.2	Variances in receivables from Exchange Transactions	Documents to support Receivables from Exchange Transactions availed.		January 2025
7	Inaccuracies in the Plant, Property and Equipment	Valuation of LSCH Assets was done in September 2024. The Hospital has accurate values for all the Assets.		June 30th 2025
1	Lack of an Approved budget	Budget Was approved by the Hospital Board on November 2024		January 2025

2	Failure to dispose Unserviceable Assets	The hospital have written to the Chief Officer Health requesting for Approval to dispose the Unserviceable Assets		October 2025
3	Deficiencies in Implementation of Universal Health Coverage (UHC)	The hospital received additional staff from the County and engaged a few through the County Government of Kajiado Locum policy to enhance service delivery		June 30th 2025
4	Irregular Engagement of casual workers	Casual workers were engaged on Short term contracts		Immediately
5	Lack of Authority to Open Bank Accounts	A letter have been written to Kenya Commercial Bank seeking the Bank to retrieve Authority to open the bank Account for the hospital		September 2025
1.0 1.1	Inventory Management Lack of an Inventory Management System	The hospital have engaged the Developers of The Emr system being used in the hospital to upgrade the existing version to a version that have modules for stock management.		October 2025
1.2	Expiry of Medical Supplies	The hospital have come up with strict guidelines on non-acceptance of Commodities with short Expiry periods.		March 2025
1.3	Stock outs of Essential Medical Supplies in the Facility	The facility have ensured that Essential Medical supplies are constantly available in the facility through an enhanced budget.		March 2025

Note

1. **Timeframe** refers to the timeline the hospital management should have worked on the Auditor's recommendations.
2. While the hospital management have made efforts to work on the Auditors recommendations, The status of all the issues remain "Not resolved".

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Accounting Officer