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REPORT

OF

THE AUDITOR-GENERAL

ON

KAPKATET LEVEL 4 HOSPITAL

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FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KERICHO

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**KAPKATET LEVEL 4 HOSPITAL  
COUNTY GOVERNMENT OF KERICHO**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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



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**1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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

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

### **A) Background information**

Kapkatet Sub-County Hospital is a designated Level 4 public healthcare facility located in Bureti Constituency, Kericho County. Originally established in the mid-20th century as a rural health center, it has undergone significant transformation, culminating in its elevation to Sub-County Hospital status in line with the Kenya Health Sector Strategic and Investment Plan. The upgrade was formalized under the County Health System Strengthening Program to improve healthcare access and efficiency across the county.

The hospital operates under the legal frameworks of the County Governments Act (2012), the Health Act (2017), and the Public Finance Management Act (2012). It is managed by the Kericho County Department of Health, following guidelines and policies from the national Ministry of Health. Operationally, it is governed by a Hospital Management Committee (HMC), supported by the Sub-County Health Management Team (SCHMT) and supervised strategically by the County Health Management Team (CHMT).

### **Mandate and Core Functions**

Kapkatet Sub-County Hospital serves as the primary referral facility for lower-tier health centers and dispensaries within Bureti Sub-County and neighboring areas. Its core mandate for the FY 2024/2025 includes:

- Provision of promotive, preventive, curative, and rehabilitative health services
- Delivery of comprehensive outpatient and inpatient services
- Maternal and child health care, including antenatal, postnatal, and immunization services
- Emergency and minor surgical interventions
- Diagnostic services including laboratory, pharmaceutical, and radiology support
- Community-based health education, outreach, and disease surveillance
- Health data collection and reporting to support evidence-based public health planning

### **Catchment Population**

The hospital serves an estimated catchment population of over 45,000 residents, drawn from Kapkatet Ward and the wider Bureti Sub-County. Patients also come from bordering sub-counties such as Belgut and parts of Nyamira County due to the facility's reputation and strategic location.

### **Strategic Role in the County Health System**

In the 2024/2025 financial year, Kapkatet Sub-County Hospital has been instrumental in advancing Universal Health Coverage (UHC) goals by offering integrated, accessible, and quality healthcare services at the grassroots level. The hospital plays a crucial role in decongesting Kericho County Referral Hospital, especially in handling primary and secondary level cases. Additionally, the hospital serves as a training and mentorship hub for medical officer interns, nurses, clinical officers, and community health volunteers (CHVs) in partnership with nearby medical training institutions.

## **Governance and Oversight**

The hospital's operations are overseen by a multi-tiered governance structure that ensures accountability and community participation in healthcare delivery. The Hospital Management Team (HMT), comprising healthcare personnel and is responsible for operational governance and resource oversight. Strategic leadership and policy direction are provided by the SCHMT and CHMT, ensuring the alignment of hospital performance with County health priorities and national standards.

### **B) Principal Activities**

Kapkatet Sub-County Hospital is a public Level 4 healthcare facility whose principal mandate is to provide comprehensive, accessible, and equitable health services to the residents of Bureti Sub-County and surrounding regions. The hospital also supports health training, mentorship, and capacity building for future healthcare workers in collaboration with health training institutions.

### **Our Vision**

*A prime hospital of choice in the country*

### **Our Mission**

*To provide high quality, accessible, and acceptable health services and excellent training facilities*

### **Our Goal**

To provide excellent health services to our clients by continually:

- Developing competent and accountable health leaders
- Motivating and empowering a well-equipped workforce
- Mobilizing and utilizing available resources diligently
- Harnessing quality health information for better planning and management

### **Core Values**

These values define the culture, behavior, and guiding principles of Kapkatet Sub-County Hospital:

- **Compassion:** We treat all our clients with empathy and care
- **Integrity:** We uphold high ethical standards and transparency in all our operations
- **Professionalism:** We maintain excellence in clinical care, communication, and service delivery
- **Punctuality:** We ensure our services are timely and responsive
- **Efficiency:** We are diligent and prudent in the use of resources
- **Effectiveness:** We focus on achieving optimal health outcomes for our clients
- **Courtesy:** We serve all with humility and respect
- **Teamwork:** We believe in collaboration as the key to success

The hospital remains committed to advancing Universal Health Coverage (UHC) by ensuring continuous improvement in service delivery, infrastructural development, community engagement, and innovation in healthcare.



### **C) Key Management**



Kapkatet Sub-County Hospital is managed by a multidisciplinary leadership team responsible for overseeing clinical operations, administrative functions, financial management, and strategic planning. The team works in coordination with the Hospital Management Team (HMT), the Sub-County Health Management Team (SCHMT), and the County Health Management Team (CHMT) to ensure that hospital operations align with county and national health priorities.

Below are the key members of the hospital's management team:

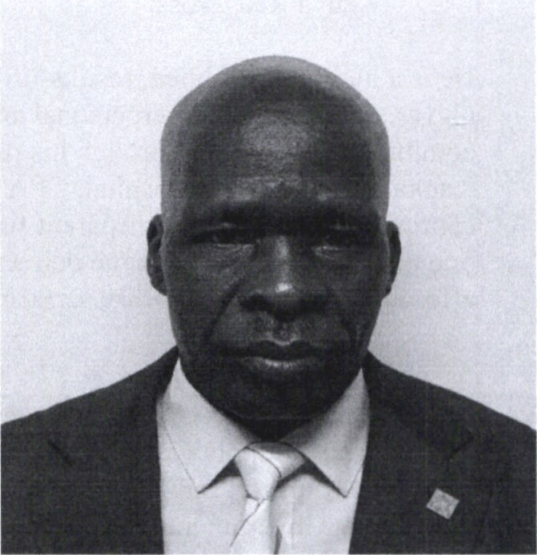
<b>Name</b>	<b>Designation</b>	<b>Key Responsibilities</b>
Dr. George Muia	Medical Superintendent	Overall head of the facility; provides clinical leadership and strategic direction
Mr. Richard Langat	Hospital Administrator	Oversees administrative functions, HR management, and policy implementation
Mrs. Alice Jelagat	Nursing Officer In-Charge	Supervises nursing services, patient care quality, and nursing staff development
Mr. Davies Sang	Accountant	Manages financial resources, budgeting, and compliance with PFM regulations
Dr. Kimeres Kiptalam	Pharmacist	Oversees pharmaceutical inventory, dispensing services, and rational drug use
Mr. Wesley Rono	Laboratory Technologist In-Charge	Manages diagnostic laboratory services and ensures quality assurance
Mr. Christoper Cheruiyot	Public Health Officer	Coordinates disease surveillance, health promotion, and environmental health programs
Mrs. Agnes C. Andrew	Health Records and Information Officer (HRIO)	Manages patient records, health data reporting, and health information systems
Mr. Benard Langat	Facility Maintenance Officer	Ensures maintenance of infrastructure, equipment, and hospital utilities

### **D) Fiduciary Management**


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

No.	Designation	Name
1.	 <p data-bbox="400 1021 708 1099">Dr. Collins Biwott <u>Medical Superintendent</u></p>	<p data-bbox="847 311 1466 819">Dr. Collins Biwott is a highly skilled Obstetrician and Gynaecologist currently serving as the Medical Superintendent at Kapkatet Sub-County Hospital in Kericho County. As both a clinical specialist and hospital administrator, he oversees the hospital's operations, strategic planning, and service delivery while providing expert maternal and reproductive health care. Dr. Biwott is known for his leadership in improving healthcare systems, mentoring medical staff, and enhancing quality and accessibility of obstetric and gynaecological services within the region.</p>
2.	 <p data-bbox="268 1760 501 1839">CPA Davies Sang <u>Head of Accounts</u></p>	<p data-bbox="847 1151 1466 1518">CPA Davies Sang is an accomplished finance and accounting professional with a strong track record in public financial management, audit, tax compliance, and budget control. He currently serves as the Accountant at Kapkatet Sub County Hospital, where he plays a key role in ensuring sound financial stewardship, accurate financial reporting, and compliance with statutory obligations in accordance with Public Finance Management (PFM) regulations.</p> <p data-bbox="847 1559 1466 1809">Born in 1989, CPA Sang holds professional qualifications from KASNEB, having successfully completed the Certified Public Accountant (CPA) course in 2016. He also holds a Certificate of Proficiency in Sage Pastel Accounting and is well-versed in various financial systems and reporting tools.</p>

		<p>With over a decade of experience spanning county government, donor-funded programs, and public health institutions,</p> <p>In addition to his technical capabilities, CPA Sang is passionate about community empowerment and has been involved in multiple development-focused trainings, including Human Rights and Governance, Peer Education, and Road Safety Risk Management through partnerships with AMREF and Kenya Red Cross.</p> <p>He is a highly disciplined, results-driven team player with excellent interpersonal and communication skills. Through his role at Kapkatet Sub County Hospital, CPA Sang continues to champion transparent financial practices and contribute to the delivery of affordable, quality healthcare services in Kenya.</p>
3.	 <p>Mrs. Faridah Chepngetich <u>Head of supply chain</u></p>	<p>Chepngetich Faridah is a highly organized and results-driven Supply Chain Assistant currently serving at Kapkatet Sub-County Hospital under the County Government of Kericho. With over six years of progressive experience in public healthcare supply chain management, Faridah has demonstrated strong expertise in inventory management, procurement, logistics coordination, and vendor relations.</p> <p>Faridah holds a Diploma in Purchasing and Supplies Management from the Kenya Institute of Management (2014), supported by a solid academic foundation that includes a Certificate in Management and a bridging course in the same field.</p> <p>Since joining the County Government in 2018, Faridah has served diligently in various hospitals across the region — including Fort Tenan, Londiani, and currently Kapkatet Sub-County Hospital. In all these roles, she has excelled in procurement processing, auditing inventory levels, managing order fulfillment,</p>

		<p>and ensuring compliance with procurement policies and standards.</p> <p>Faridah is known for her attention to detail, strong organizational abilities, and a keen ability to optimize supply processes for better efficiency and cost-effectiveness. She has a solid track record in supplier performance management, contract negotiation, and streamlining operations to support patient care delivery.</p>
4.	 <p>Richard Langat <u>Health Administrative Officer</u></p>	<p>Mr. Richard Langat is an experienced and dedicated Health Administrative Officer currently serving at Kapkatet Sub County Hospital. With a solid background in Health Records and Information Technology and over three decades of service in Kenya’s healthcare system, Mr. Langat has become a key figure in hospital administration, known for his commitment to operational excellence and effective health system management.</p> <p>Driven by a desire to deepen his expertise, Mr. Langat returned to KMTC in 2007–2009 and earned a Diploma in Health Records and Information Technology. In 2011–2012, he further advanced his administrative acumen by completing the Senior Management Course in Health Systems Management at the Kenya Institute of Administration (now Kenya School of Government).</p> <p>Since October 2022, Mr. Langat has served as the Health Administrative Officer at Kapkatet Sub County Hospital, where he oversees core administrative functions, human resource management, and policy implementation to ensure smooth hospital operations and improved service delivery.</p> <p>His long-standing experience, combined with a deep understanding of health information systems and management protocols, has made him a trusted and reliable pillar in the</p>

5.	 <p>Alice Jelagat <u>Nursing service Manager</u></p>	<p>hospital's leadership team.</p> <p>Alice Jelagat is a dedicated and accomplished healthcare professional with over two decades of experience in nursing, public health, and healthcare leadership. Born and raised in Kenya, Alice holds a Bachelor of Science in Nursing from the University of Nairobi (1997–2002). Over the years, she has consistently demonstrated excellence in leadership, service delivery, and program coordination within the Kenyan health sector.</p> <p>Currently serving as the Nurse Service Manager and Hospital-in-Charge at Kapkatet Level Four Referral Hospital in Kericho County, Alice plays a pivotal role in the development and implementation of innovative patient care strategies. She leads a multidisciplinary team, ensuring quality care, staff training, compliance with medical standards, and effective healthcare system management.</p> <p>Previously, Alice served as the HIV/AIDS and STI Coordinator at Ainamoi Sub-County and Kericho County Referral Hospital for over 12 years. Her efforts significantly contributed to improving HIV prevention, care, and treatment outcomes through strategic planning, capacity building, and continuous program evaluation.</p> <p>Alice's professional journey includes extensive leadership roles in major referral hospitals such as Kericho, Kapsabet, and Longisa, where she was instrumental in surgical services management, infection control, quality assurance, and interdepartmental coordination.</p> <p>Known for her high integrity, team spirit, and dedication, Alice remains committed to excellence, equity, and continuous improvement in healthcare delivery. Her core values include transparency, innovation, and servant leadership.</p>
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6.	 <p>Grace Chepkemai Sang <u>Clinical Services Manager</u></p>	<p>Grace Chepkemai Sang is a highly experienced and passionate Clinical Officer with over 25 years of service in Kenya’s public health system. Currently serving as the In-Charge of Accident and Emergency (A&amp;E) at Kapkatet Sub County Hospital, Grace is widely respected for her leadership in emergency care, mentorship, and healthcare systems management.</p> <p>Grace began her medical career after completing a Diploma in Clinical Medicine and Surgery from Kenya Medical Training College (KMTC) – Nakuru in 1995. She later pursued a Higher Diploma in Orthopaedics and Trauma Surgery at KMTC Nairobi and further advanced her leadership skills through the Senior Management Course in Health Systems Management at the Kenya Institute of Administration.</p> <p>Her extensive experience includes clinical work at major facilities such as Kisii District Hospital, Londiani District Hospital, Kenyatta National Hospital, and Nakuru General Hospital. Since 2008, she has been a cornerstone at Kapkatet District Hospital, where she has led the A&amp;E department with distinction.</p> <p>In addition to her clinical roles, Grace is a mentor, counselor, and hospital welfare coordinator, Grace has also earned certifications in Basic Life Support, Advanced Trauma Life Support, Helping Babies Breathe, and Sexual and Gender-Based Violence (SGBV) management, demonstrating her commitment to holistic, life-saving care.</p>

<p>7.</p>	 <p>Dr. Kimeres Elvis Kiptalam Pharmacist in-charge</p>	<p>Kiptallam Kimeres Elvis is a highly skilled and experienced Assistant Chief Pharmacist at Kapkatet Level 4 Hospital, with over 15 years of dedicated service in pharmaceutical care and public health. His career is marked by a strong commitment to rational drug use, patient advocacy, and pharmaceutical quality assurance, making him a vital contributor to the hospital’s clinical and operational excellence.</p> <p>Elvis holds a Bachelor of Pharmacy degree from the University of Nairobi (2008) and a Master of Pharmacy in Clinical Pharmacy from Moi University (2018–2023). He is currently pursuing a Master of Public Health (MPH) in Epidemiology and Biostatistics, also at Moi University, further demonstrating his passion for continuous professional development and evidence-based health interventions.</p> <p>He began his career as an intern pharmacist at Moi Teaching and Referral Hospital and Beta Healthcare International, before joining Kapkatet Level 4 Hospital in 2010. Over the years, he has steadily risen through the ranks—from Pharmacist to Senior Pharmacist, and now Assistant Chief Pharmacist..</p> <p>Elvis is a member of the Pharmaceutical Society of Kenya and is known for his leadership in inventory management, health education, and clinical collaboration within the healthcare system.</p> <p>With his blend of academic qualifications and practical expertise, Mr. Kimeres remains a cornerstone in ensuring safe, effective, and patient-centered pharmaceutical services at Kapkatet and beyond.</p>
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**E) Fiduciary Oversight Arrangements**

Kapkatet Sub-County Hospital has established structured fiduciary oversight mechanisms to ensure the efficient, transparent, and accountable management of public resources in line with the Public Finance Management Act, 2012, and the relevant policies of the Kericho County Department of Health Services.

i) **Financial Management and Internal Controls**

- a) Budget Monitoring: Monthly and quarterly budget implementation reports were prepared and submitted to the County Health Management Team (CHMT) and the County Treasury.
- b) Expenditure Controls: All expenditures were subject to budget approvals, commitment control, and multi-level verification prior to payment.
- c) Cash Management: Revenue collected under FIF and SHA was banked into designated hospital accounts, with reconciliation reports generated monthly.
- d) Segregation of Duties: Financial roles were clearly separated across requisition, approval, payment, and accounting functions to minimize risks of fraud or misuse

ii) **Procurement and Supply Chain Oversight**

- a) Procurement followed the Public Procurement and Asset Disposal Regulations, including use of approved procurement plans, open tendering, and supplier prequalification.
- b) A Hospital Procurement Committee oversaw all procurements above departmental thresholds to ensure fairness, competitiveness, and compliance.

iii) **Audit and Risk Management**

- a) The hospital was subject to internal audits conducted by the County Internal Audit Unit. Key audit areas included revenue management, procurement, and inventory controls.
- b) Responses to internal audit queries were documented and corrective actions taken.
- c) The Office of the Auditor General also reviewed the hospital's financial performance as part of the county-wide audit.
- d) Risk assessments were periodically conducted to identify and mitigate operational, financial, and compliance risks.

iv) **Oversight Structures**

Fiduciary oversight is implemented through a multi-level governance framework:

- a) The Hospital Management Team (HMT) provides operational oversight, monitors resource allocation, and reviews quarterly performance reports.
- b) The Sub-County Health Management Team (SCHMT) conducts routine supervisory visits, financial performance reviews, and capacity support.
- c) The County Health Management Team (CHMT) reviews compliance with county policies and consolidates hospital data for county-level reporting.
- d) The Internal Audit Department from the County Treasury carries out periodic audits and offers recommendations to improve financial integrity and risk mitigation.

**F) Entity Headquarters**

P.O. Box 95 – 20214  
Kapkatet Market  
Kapkatet, KENYA

**G) Entity Contacts**

Telephone: (+254) 722319863  
E-mail:  
[kapkatethosp@gmail.com](mailto:kapkatethosp@gmail.com),  
[kapkatethosp@kericho.go.ke](mailto:kapkatethosp@kericho.go.ke)  
Website:

**H) Entity Bankers**

Kenya Commercial Bank Limited  
Sotik Branch

Kenya Commercial Bank Limited  
Kericho Branch

**I) Independent Auditors**

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

**J) Principal Legal Adviser**

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

**K) County Attorney**

P.O. Box 112  
Kericho, Kenya

**3. The Board of Management**

The hospital did not have a board of management during the year.

#### 4. Key Management Team

Ref	Management	Details
1.	Dr. Collins Biwott	The Overall In-charge of the hospital and the chair person to the Management Team
2.	Mr. Richard Langat	The health Administrative Officer and Secretary to the management Team
3.	Alice Jelangat	Nursing officer In-charge
4.	Grace Sang	Clinical Officer In-charge
5.	Wesley Rono	Laboratory In-charge
6.	Dr. Wambugu Calvin	Imaging In-charge
7.	Mosbei Potter Choge	Plaster In-charge
8.	Angeline Towett	Physiotherapy In-charge
9.	Morintat Francis	Orthopaedics In-charge
10.	Faith Cherotich	Human Resource
11.	Dr. Kimeres Elvis Kiptalam	Pharmacy In-charge
12.	Tychicus Koech	Nutrition In-charge
13.	Lilian Too	Store In-charge
14.	Cpa Davies Sang	Accounts In-charge
15.	Faridah Chepngetich	Procurement In-charge
16.	Benard Langat	Biomedical In-charge
17.	Dr. Simon Siele	Dental In-charge

**5. Chairman's Statement.**

The hospital didn't have the chairperson in the year under review.

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

It is with great humility and appreciation that I present this report highlighting the key achievements, challenges, and forward-looking strategies of Kapkatet Sub County Hospital for the Financial Year 2024/2025.

### **Overview**

Kapkatet Sub County Hospital continued to uphold its mandate of delivering quality, accessible, acceptable, and sustainable health care services to the residents of Bureti Sub County and neighboring regions. The hospital functioned as a Level 4 referral facility and remained a critical component of the county's healthcare system.

### **Service Delivery Highlights**

During the year under review, the hospital recorded significant activity across major departments:

- **Outpatient Services:** Served over 129,765 clients, with improved triage, documentation, and referrals.
- **Inpatient Admissions:** Over 16,259 patients admitted across general wards, maternity, and pediatric units.
- **Maternal and Child Health (MCH):**
  - Conducted over 5,113 deliveries, with a notable increase in skilled birth attendance.
  - Immunization coverage remained above 85%, contributing to disease prevention.
- **Laboratory Services:** Performed over 113,498 diagnostic tests, with turnaround times significantly improved through digitized reporting.
- **Pharmacy:** Ensured over 80% drug availability, though periodic stock-outs occurred due to delayed supplies.
- **HIV and TB Clinics:** Managed over 1,600 clients on ART, and screened over 9055 individuals for tuberculosis, maintaining treatment success rates above 90%.

### **Human Resources**

The hospital made modest gains in staffing through new recruitments and redistribution, with the current workforce standing at 280 staff (clinical and support combined). Continuous Medical Education (CME) sessions were conducted regularly to ensure ongoing professional development.

### **Financial Management**

Kapkatet Sub County Hospital was allocated funds through County Government transfers and internally generated revenue (FIF, SHA reimbursements). These were utilized to meet priority needs including:

- Purchase of medical supplies,
- Maintenance of equipment,
- Staff incentives, and
- Minor renovations.

Despite prudent financial management, funding gaps remain a key challenge affecting operations.

### **Governance and Quality Assurance**

We conducted monthly Quality Improvement (QI) meetings, medical audits, and maternal and perinatal death reviews. The hospital has made strides toward achieving **Kenya Quality Model for Health (KQMH)** standards, and client satisfaction surveys showed an average satisfaction score of **76%**, with key concerns being waiting time and drug availability.

### **Partnerships and Community Engagement**

We acknowledge support from:

- Kericho County Government (HR, infrastructure, drugs),
- National MOH programs (Reproductive Health, TB/HIV),
- Development partners including AMREF
- Waltered (USAID)
- Active community units and CHVs who supported outreach and referrals.

### **Key Challenges**

- Inadequate funds,
- Limited staffing (e.g., surgeons, radiologists)
- Increased patient load against constrained infrastructure.

### **Conclusion**

As we reflect on the gains made in FY 2024/2025, I commend the dedication and resilience of our staff, the support from the HMT, County Government, development partners, and the community. Together, we have upheld the spirit of compassionate, ethical, and people-centered care.

We look forward to continued collaboration as we strive to elevate Kapkatet Sub County Hospital to even higher levels of excellence.

**Signed:**



Dr. Collins Biwott

**Medical Superintendent - Kapkatet Sub County Hospital**

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

Kapkatet Sub-County Hospital's service delivery and financial performance during the FY 2024/2025 was guided by strategic objectives outlined in the County Integrated Development Plan (CIDP), the Kenya Health Sector Strategic and Investment Plan, and the Hospital's Annual Work Plan. The hospital aimed to improve access, efficiency, quality of care, and community health outcomes. Below is an analysis of performance against key targets:

<b>Strategic Objective</b>	<b>Planned Target (FY 2024/25)</b>	<b>Actual Achievement</b>	<b>Performance (%)</b>	<b>Remarks</b>
1. Improve access to outpatient services	120,000 patients	129,765 patients	105%	Target surpassed due to improved triage and client flow
2. Enhance inpatient care	8,000 admissions	16,25 admissions	106%	Increase driven by maternal and pediatric cases
3. Strengthen maternal health services	2,200 deliveries	5,113 deliveries	110%	Strengthened referral and emergency care contributed to overachievement
4. Expand diagnostic and lab services	100,000 lab tests	113,498 + tests	110%	Diagnostics improved due to investment in reagents and equipment
5. Sustain HIV/TB treatment success rates	≥90% success	>90% success	Achieved	Partner support and strong follow-up maintained success rates
6. Increase immunization coverage	≥85%	>85%	Achieved	In line with national immunization targets
7. Improve health worker capacity	Train 50 staff	60 staff trained	120%	Exceeded target due to increased training allocation
8. Enhance medical supply availability	95% stock availability	92% achieved	97%	Slight underachievement due to supplier delays
9. Increase own-source revenue	Kshs 234M	Kshs 261M	113%	Strong growth in NHIF/SHA

				reimbursements
10. Absorb allocated budget effectively	≥85% absorption	>85%	Achieved	Reflects prudent budget execution

## 8. Corporate Governance Statement

Kapkatet Sub County Hospital is committed to upholding the principles of good corporate governance as a foundation for effective service delivery, accountability, and transparency. This statement outlines the governance structures, policies, and practices implemented during the 2024/2025 financial year to ensure the hospital operates efficiently, ethically, and in accordance with applicable laws and public service values.

### i) Governance Structure

The governance of the hospital is exercised through the Hospital Management Team, in accordance with the Public Health Act, the County Government Act, and relevant Ministry of Health policies and guidelines.

#### The key governance organs include:

- Medical Superintendent: Serves as the Chief Executive Officer responsible for day-to-day operations and implementation of board decisions.
- Hospital Management Team (HMT): Comprising heads of departments, the HMT oversees operational planning, coordination, and performance monitoring.

### ii) Ethical Conduct and Integrity

The hospital promotes a culture of integrity and professionalism. All staff and board members are expected to uphold:

- The Public Officer's Ethics Act,
- The Leadership and Integrity Act,
- Guidelines set out in the Ministry of Health Code of Conduct.

No incidents of conflict of interest, gross misconduct, or breach of integrity were recorded or reported during the year under review.

### iii) Risk Management and Internal Controls

The hospital continued to strengthen its risk management framework. During the year:

- Risk assessments were conducted in priority areas including finance, procurement, and clinical services.
- Control mechanisms such as segregation of duties, approval hierarchies, and audit reviews were enforced.
- The Hospital conducted regular stock-taking, revenue monitoring, and audit feedback follow-ups to safeguard resources.

While the hospital does not yet have a fully established internal audit unit, the County Internal Audit Office conducted two reviews and provided actionable recommendations, which are currently under implementation.

#### **iv) Compliance and Oversight**

The hospital complies with the applicable public sector governance frameworks including:

- Public Finance Management Act, 2012,
- Public Procurement and Asset Disposal Act, 2015,
- County Health Policies and Guidelines,
- And reporting requirements to the County Department of Health and Kenya Health Information System (KHIS).

Reports were submitted in a timely manner, including quarterly performance reports, financial statements, and sector-specific indicators.

#### **v) Stakeholder Engagement and Transparency**

Kapkatet Sub County Hospital recognizes the importance of engaging stakeholders in governance. During the year:

- The hospital conducted community feedback forums and facility committee meetings.
- Stakeholders including CHVs, religious leaders, and civil society groups were engaged in service planning and outreach.
- Public notices and financial summaries were displayed to promote transparency.

#### **vi) Challenges in Governance**

Despite the progress, a few challenges were noted:

- Inadequate financial autonomy limits the flexibility of the HMT to make timely decisions.
- Delays in disbursement of NHIF dues impacted implementation of some resolutions.

#### **vii) Way Forward**

Going forward, the hospital will:

- Advocate for establishment of an internal audit function at facility level.
- Enhance use of digital governance tools to improve monitoring, evaluation, and reporting.

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

### **i) Overview of Operational Environment**

Kapkatet Sub County Hospital operates as a Level 4 health facility under the Kericho County Department of Health. It serves as a referral center for primary health facilities within Bureti Sub County and beyond. The hospital continued to experience increased demand for services driven by population growth, health-seeking behavior changes, and improvements in access to insurance through SHA and NHIF.

The facility's operations are guided by the County Integrated Development Plan (CIDP), the Kenya Health Sector Strategic Plan, and hospital-specific work plans approved by the Board and County Health Management Team.

### **ii) Service Delivery Performance**

The hospital recorded notable improvements in service delivery indicators, attributed to enhanced systems, staff commitment, and community trust:

<b>Indicator</b>	<b>FY 2024/25</b>	<b>Remarks</b>
Outpatient attendance	129,765	Surpassed target of 120,000 due to better triage systems and client flow systems.
Inpatient admissions	16,25	Increased paediatric and maternal cases.
Safe deliveries	5,113	Boosted by improved emergency obstetric care.
Laboratory tests	113,498	Up from 95,000 in FY 2023/24.
HIV/TB treatment success	>90%	Sustained through partner support and improved follow-up mechanisms.
Immunization coverage	>85%	Aligned with national targets.

- Outpatient Services: 129,765 patients seen, surpassing the 120,000 target due to improved triage and client flow systems.
- Inpatient Services, 16,25 admissions, with an increase in pediatric and maternal admissions.
- Maternity Unit: 5,113 deliveries conducted safely, with strengthened referral and emergency obstetric care.
- Laboratory: 113,498 Over tests processed, up from 95,000 in the previous year due to increased service demand and improved diagnostics.
- HIV/TB Clinics: High treatment success rates (above 90%) maintained through partner support and improved follow-up mechanisms.
- Immunization: Coverage exceeded 85%, in line with national targets.

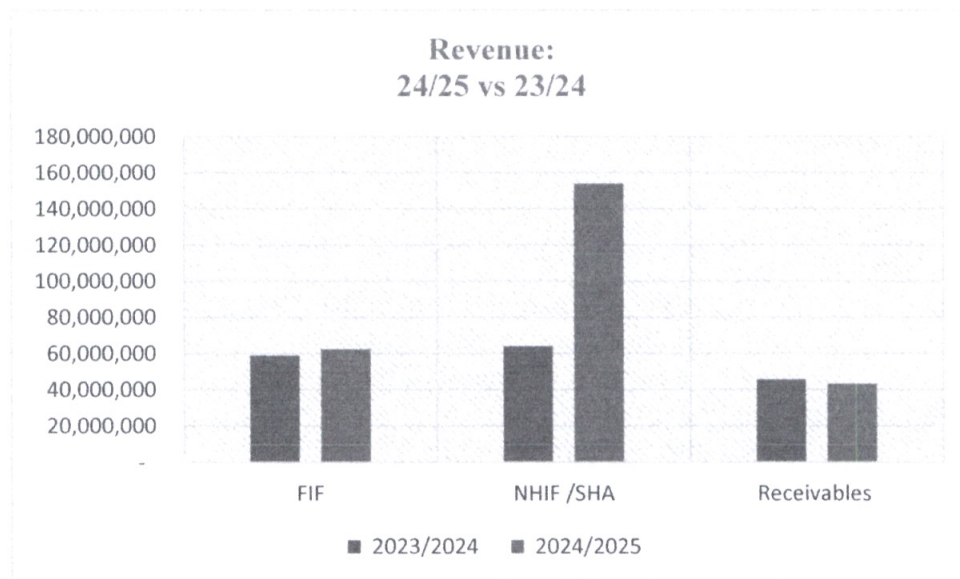
These achievements were supported by enhanced community outreach, health education, and the efforts of a committed team of clinical and support staff.

iii) Financial Performance

**Revenue Analysis.**

Total revenue from services grew by 53.6%, from Kshs 169,028,986 in FY 2023/24 to Kshs 259,695,788 in FY 2024/25.

Revenue Source	FY 2024/25	FY 2023/24	% Change
FIF	62,511,889	59,041,908	+5.9%
NHIF/SHA	153,872,403	64,179,623	+139.8%
Receivables	92,845,892	45,807,455	-5.5%
<b>Total Revenue</b>	<b>309,230,184</b>	<b>169,028,986</b>	<b>+53.6%</b>

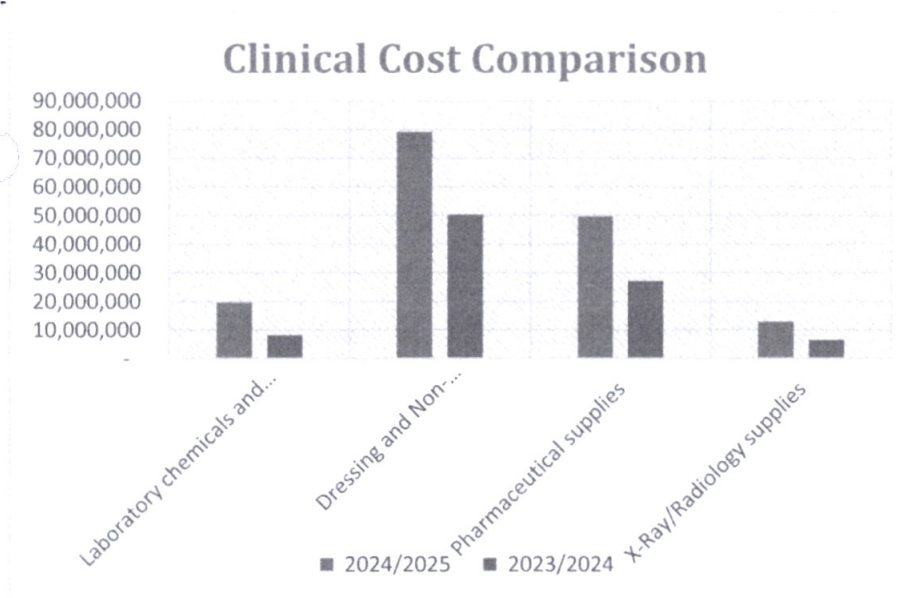


**Key Driver:** The sharp rise in NHIF/SHA reimbursements reflects improved insurance uptake, billing efficiency, and timely claims processing.

iv) Expenditure Analysis

**i. Medical/Clinical Costs**

Category	FY 2024/25	FY 2023/24	% Change
Dressing & Non-Pharms	63M	50.3M	+57.3%
Pharmaceutical Supplies	45M	27.1M	+83.1%
Lab Reagents	13M	8.2M	+139.3%
<b>Total Clinical Costs</b>	<b>121M</b>	<b>95.7M</b>	<b>+75.1%</b>



High increase indicates scaled-up service delivery and expanded diagnostics, especially in pharmaceuticals and laboratory services.

iv) **General Expenses**

Rose significantly from Kshs 47.7M to Kshs 68M (+54.9%), driven by:

- Higher electricity costs (Kshs 14M, up from Kshs 5.9M)
- Expanded catering expenses
- Staff training (Kshs 5.3M, up from 2.9M)
- New costs for internet, safety gear, travel, and allowances

v) **Key Ratios for FY 2024/2025**

Ratio	Value	Interpretation
Cost-to-Revenue Ratio	1.07	Total operating costs slightly exceed revenue — suggests a need for cost control.
Clinical Cost as % of Revenue	64.5%	Indicates that a majority of hospital income is spent directly on medical care.
Employee Cost as % of Revenue	6.7%	Salaries are well-contained; possible understaffing or wage stagnation.
General Expenses as % of Revenue	28.5%	Operational overheads (utilities, catering, etc.) form a significant cost share.
Repairs & Maintenance as % of Revenue	3.9%	Reflects moderate investment in facility upkeep and asset maintenance.

vi) **Partnerships and Resource Mobilization**

- SHA/NHIF reimbursements significantly boosted cash flow.
- Collaborations with NGOs and donors helped strengthen HIV/TB clinics, maternity services, and outreach.
- Utilization rate of >85% signals efficient budget execution.

vii) **Key Achievements**

- Exceeded outpatient and immunization targets
- Major increase in internally generated revenue
- Strengthened infrastructure (medical equipment upgrades, plant maintenance)
- Expanded staff training and welfare support

viii) **Challenges**

- Rising cost of utilities and general supplies
- Aging infrastructure (e.g., need for building repairs)
- Dependency on timely NHIF/SHA reimbursements for cash flow

ix) **Strategic Focus for FY 2025/2026**

- Expand inpatient capacity and theater utilization
- Automate billing and inventory systems
- Prioritize energy efficiency to manage utility costs
- Deepen community health linkages and public health education
- Strengthen performance monitoring and data systems

**10. Environmental and Sustainability Reporting**

**i) Sustainability Strategy and Profile**

Kapkatet Hospital is committed to delivering quality healthcare services in an environmentally responsible and socially sustainable manner. The hospital's sustainability strategy is aligned with the national and county environmental goals, and the principles of green health facilities as recommended by the Ministry of Health.

During the FY 2024/2025, the hospital's sustainability efforts were guided by the following strategic pillars:

- a) **Environmental Stewardship:** Integration of eco-friendly practices in hospital operations, such as efficient waste management, promotion of clean energy, and water conservation.
- b) **Health and Safety:** Ensuring a safe, clean, and hygienic environment for patients, staff, and visitors through strengthened infection control, environmental sanitation, and occupational safety practices.
- c) **Resource Efficiency:** Emphasizing the sustainable use of natural and financial resources, including energy-saving technologies, proper procurement practices, and preventative maintenance.

- d) Community Engagement and Partnerships: Collaborating with stakeholders including the County Government, Ministry of Health, NEMA, and local communities to promote environmental awareness and resilience through initiatives like tree planting, public health outreach, and capacity building.

The hospital continues to monitor and evaluate its sustainability performance and remains committed to continuous improvement, innovation, and compliance with environmental legislation. These efforts contribute to a resilient healthcare system that supports the well-being of current and future generations.

#### L) *Environmental performance*

#### **Waste Management.**

Proper medical and general waste management remained a key focus during the year:

- a) Segregation of waste at source was practiced in all departments using color-coded bins as per Ministry of Health guidelines.
- b) Sharps and infectious waste were safely incinerated in compliance with NEMA regulations.
- c) Non-infectious biodegradable waste was composted or disposed of through county-managed systems.
- d) Periodic staff training on infection prevention and waste handling was conducted in collaboration with the Public Health Office.

#### **Water and Sanitation.**

- a) The hospital maintained access to safe and reliable water supply through county piped water, supplemented by harvested rainwater and stored reserves.
- b) Improved sanitation infrastructure including toilets, handwashing stations, and drainage systems were maintained in all patient care areas.
- c) Water conservation practices were emphasized, and regular plumbing maintenance was undertaken to reduce water loss.

#### **Energy Efficiency**

- a) The hospital continued to rely on electricity from the national grid
- b) Energy-efficient bulbs and motion-sensor lights were installed in high-use areas to reduce consumption.
- c) Plans are underway to expand solar coverage for essential services, including cold chain storage and emergency lighting.

#### **Greening and Landscape Management**

- a) The hospital planted over 250 indigenous trees and shrubs within the compound in partnership with the Kenya Forest Service and local schools.
- b) Green zones were expanded around patient waiting areas to improve microclimate, reduce dust, and promote patient well-being.
- c) Routine landscaping and solid waste clean-up drives were carried out monthly.

#### **Environmental Health and Safety (EHS)**

- a) Environmental audits and internal inspections were conducted to identify and mitigate hazards.
- b) Fire extinguishers were inspected and serviced, and staff were trained on fire safety and evacuation procedures.
- c) Pest control services were procured quarterly to ensure hygiene and reduce disease vectors within the facility.

### **Community Sensitization and Sustainability Education**

The hospital participated in World Environment Day 2025 and held awareness forums on:

- a) Proper household waste disposal,
- b) Vector control (malaria prevention),
- c) Water purification and storage at home,
- d) Climate change and its link to public health.
- e) Community health volunteers (CHVs) helped integrate environmental health messages during household visits and health outreaches.

### **Compliance and Reporting**

The hospital complies with relevant environmental statutes including:

- a) The Environmental Management and Coordination Act (EMCA), 1999,
- b) Public Health Act (Cap 242),
- c) Ministry of Health Waste Management Guidelines, and
- d) County environmental health regulations.
- e) No major environmental incidents were reported during the year.

### **Future Sustainability Plans**

In the upcoming financial year, the hospital plans to:

- a) Establish a solar-powered water pumping system for high-demand areas.
- b) Expand rainwater harvesting systems for laundry and cleaning functions.
- c) Pilot a biogas system using biodegradable waste from the kitchen.
- d) Continue advocacy on environmental health through community and school-based outreach.

### **iii) Employee Welfare**

- a) Kapkatet Hospital recognizes that employee well-being is integral to the delivery of quality healthcare services. The hospital has continued to prioritize staff welfare by fostering a safe, supportive, and enabling work environment. During the FY 2024/2025, the following initiatives were undertaken:
- b) Occupational Health and Safety: Regular workplace risk assessments, provision of personal protective equipment (PPE), and routine health and safety trainings were conducted to safeguard staff from occupational hazards.
- c) Capacity Building and Training: Staff participated in continuous professional development (CPD) programs, in-service trainings, and technical courses aimed at improving competencies and career progression.
- d) Medical and Psycho-Social Support: The hospital ensured access to medical care for its employees and supported wellness programs including mental health awareness and peer counseling, particularly in high-stress clinical areas.

- e) **Recognition and Motivation:** Performance-based recognition mechanisms were implemented, including departmental performance awards and staff appreciation days, to boost morale and productivity.
- f) **Work-Life Balance:** Shift schedules were regularly reviewed to reduce burnout and promote a healthy work-life balance. The hospital also encouraged social and team-building activities to foster cohesion and reduce workplace stress.
- g) **Staff Accommodation and Facilities:** The hospital continued to maintain available staff housing and improved common facilities such as washrooms, kitchens, and rest areas to enhance employee comfort.

#### **iv) Market Place Practices**

##### **a) Responsible Competition Practice**

The Hospital upholds the principles of ethical service delivery and fair competition in the healthcare sector. In line with public sector standards and health regulations, the hospital promotes transparency, accountability, and quality in its engagements with patients, suppliers, partners, and the wider community.

Key responsible competition practices observed during FY 2024/2025 include:

- a) **Adherence to Ethical Standards:** The hospital ensures that all services are provided based on medical need and professional ethics, without discrimination or commercial bias.
- b) **Quality and Transparency in Service Delivery:** Patients are offered clear information about treatment options, costs (where applicable), and expected outcomes. Feedback mechanisms were strengthened to ensure continuous quality improvement and accountability.
- c) **Fair Procurement Practices:** All procurement of medical supplies, equipment, and services followed public procurement laws and the principles of competitiveness, fairness, and value for money. Opportunities were made accessible to local suppliers and youth- or women-owned enterprises where applicable.
- d) **Partnerships and Benchmarking:** The hospital engaged in responsible collaborations with other public health institutions, regulatory bodies, and academic partners to benchmark service standards and exchange best practices without undermining fair competition.
- e) **Public Trust and Professionalism:** Kapkatet Hospital maintained its reputation as a trusted public health facility by ensuring that all marketing, communication, and community engagement activities were honest, non-exploitative, and aimed at improving public health outcomes.

##### **b) Responsible Supply Chain and Supplier Relations**

The Hospital is committed to maintaining a transparent, ethical, and efficient supply chain that supports the timely delivery of quality healthcare services. The hospital's supply chain management practices during FY 2024/2025 were guided by public procurement laws, sustainability principles, and a commitment to fostering mutually beneficial relationships with suppliers.

Key responsible supply chain practices included:

- a) **Compliance with Public Procurement Regulations:** All procurement activities adhered to the Public Procurement and Asset Disposal Act, ensuring fairness, competitiveness, and value for money in supplier selection and contract award.
- b) **Transparent Tendering Processes:** Open and competitive bidding processes were used for major procurements, with prequalification and evaluation criteria clearly communicated to all bidders.
- c) **Timely Payment and Contract Management:** The hospital prioritized prompt processing of payments to suppliers upon successful delivery of goods and services, thus building trust and reducing operational disruptions.
- d) **Local Economic Empowerment:** Preference was given, where applicable, to local and disadvantaged groups including youth, women, and persons with disabilities (PWDs), in line with government policy on inclusive procurement.
- e) **Ethical Supplier Engagement:** Suppliers were required to adhere to ethical standards, including anti-corruption policies, quality assurance, and environmental compliance. Regular engagement sessions were held to clarify expectations and promote mutual accountability.
- f) **Supply Chain Risk Management:** The hospital implemented basic risk controls to ensure continuity of critical medical supplies, including establishing framework contracts for essential commodities and maintaining minimum stock levels.

#### *c) Responsible Engagement with Citizens*

The Hospital recognizes the importance of transparent, ethical, and inclusive engagement with the public it serves. During the FY 2024/2025, the hospital prioritized citizen-centered approaches to enhance trust, responsiveness, and service delivery through the following practices:

- a) **Health Education and Awareness Campaigns:** The hospital conducted targeted outreach programs and health talks in the community on key public health issues such as maternal and child health, non-communicable diseases, and infection prevention. Information was disseminated through community health units, local barazas, and partnerships with schools and churches.
- b) **Accessible and Accurate Communication:** All communication materials, including health promotion leaflets, posters, and notices, were designed to be culturally sensitive, free from misleading content, and available in local languages where applicable.
- c) **Public Participation and Feedback Mechanisms:** Citizens were actively engaged in service planning through suggestion boxes, patient satisfaction surveys, and forums organized in collaboration with the County Health Department. Feedback received was used to improve service quality and address emerging concerns.
- d) **Digital Engagement:** The hospital leveraged digital platforms, including SMS alerts and its county health portal, to share updates on service availability, immunization schedules, and public health advisories.
- e) **Accountability to the Public:** Regular reporting on hospital performance and service delivery outcomes was shared during stakeholders' meetings and through county-level reports, reinforcing transparency and accountability.

#### *d) Product Stewardship and Awareness Creation*

Kapkatet Hospital upholds the principle of product stewardship by ensuring that all medical services, treatments, and health products provided to the public are safe, of high quality, and responsibly managed

throughout their lifecycle. The hospital also takes a proactive role in creating awareness to promote public health and responsible use of health services.

Key initiatives during the FY 2024/2025 included:

- a) **Safe Use of Medicines and Equipment:** The hospital ensured proper handling, storage, and dispensing of pharmaceuticals and medical supplies. Patients received appropriate instructions on medication use, side effects, and disposal practices.
- b) **Health Literacy and Awareness:** Through targeted health education sessions, posters, and outreach clinics, the hospital enhanced public understanding of disease prevention, immunization, nutrition, and hygiene. Special campaigns were held during World Health Days and outbreak responses.
- c) **Patient Empowerment:** The hospital promoted informed decision-making by providing patients and caregivers with accurate and clear information about diagnoses, treatment options, and aftercare. Clinical staff were trained to communicate effectively and respectfully.
- d) **Monitoring of Product Outcomes:** Kapkatet Hospital maintained a pharmacovigilance and equipment maintenance system to monitor the safety and effectiveness of drugs and medical devices. Incidents and adverse events were documented and reported to relevant regulatory bodies.
- e) **Environmental Safety of Products:** The hospital promoted the use of environmentally friendly products and ensured that expired drugs and biohazardous materials were disposed of according to NEMA and Ministry of Health guidelines.

#### v) Corporate Social Responsibility (CSR) / Community Engagements

Kapkatet Hospital remains committed to its social responsibility role beyond clinical care by actively engaging and supporting the local community through inclusive, health-focused, and environmentally conscious initiatives. In FY 2024/2025, the hospital implemented various CSR and community engagement activities aligned with its mission of promoting wellness and social well-being.

Key CSR and community initiatives included:

- a) **Free Medical Camps and Outreach Services:** The hospital conducted periodic medical camps in underserved areas, offering free consultations, screening for non-communicable diseases (NCDs), family planning, immunization, and minor treatments in collaboration with community health units and partners.
- b) **Health and Hygiene Education:** Community health education sessions were held in schools, churches, and public forums to promote sanitation, menstrual hygiene, nutrition, and prevention of communicable diseases.
- c) **Tree Planting and Environmental Campaigns:** In partnership with local schools and the County Environment Department, the hospital participated in tree planting exercises and clean-up campaigns to promote environmental stewardship and climate action awareness.
- d) **Support to Vulnerable Groups:** The hospital provided medical support and social care referrals for vulnerable groups, including the elderly, persons with disabilities (PWDs), and orphans. Special clinics and social work interventions were tailored to meet their unique needs.

- e) **Youth and Women Empowerment:** As part of inclusive engagement, the hospital supported health education forums targeting adolescent health, maternal care awareness, and skills-building programs through its linkages with community-based organizations.
- f) **Stakeholder Collaboration:** Kapkatet Hospital maintained strong partnerships with local leaders, faith-based organizations, and development partners to enhance community-driven health interventions and build trust

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

○ The hospital didn't have the board in the year under review.

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

There was no board of management during the financial year 2024/2025.

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## **REPORT OF THE AUDITOR-GENERAL ON KAPKATET LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KERICHO**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kapkatet Level 4 Hospital - County Government of Kericho set out on pages 1 to 33, 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 Kapkatet Level 4 Hospital – County Government of Kericho as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracy of Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions totalling Ksh.92,845,892. However, the amount differs with the receivables totalling Kshs.92,853,892 reflected in note 15 to the financial statements resulting in unexplained variance of Kshs.8,000.

Further, the amount includes receivables from Social Health Authority (SHA) amounting to Kshs.53,199,014 as disclosed in Note 15 to the financial statements. However, the receivables from SHA amount differed with the supporting schedule amount of Kshs.53,480,600 resulting in an unexplained and unreconciled variance of Kshs.281,586.

In addition,, the amount includes claims rejected by Social Health Authority (SHA) totalling Kshs.20,519,340. The amount also includes receivables due from the defunct National Hospital Insurance Fund (NHIF) totalling Kshs.39,654,878 which had been outstanding for more than one (1) year. However, no provision was made for bad and doubtful debts.

In the circumstances, the accuracy and completeness of receivables from exchange transactions totalling Ksh.92,845,892 could not be confirmed.

### **2. Inaccuracy of Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects a property, plant and equipment totalling Kshs.11,181,432. However, review of records and physical inspection revealed that the Hospital had thirteen (13) acres of land and two (2) motor vehicles which were not disclosed in the financial statements. The assets register and the ownership documents in support of the property, plant and equipment were also not provided for audit review, nor were the property, plant and equipment's depreciated

Further, the two (2) motor vehicles were not serviceable and had been grounded for a long period. However, they have not been earmarked for disposal. This was contrary to Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that an accounting officer of a procuring entity shall ensure that an annual assets disposal plan is prepared of items declared as unserviceable, surplus or obsolete, obsolescent store, assets and equipment.

In the circumstances, the accuracy and completeness of property, plant and equipment totalling Kshs.11,181,432 could not be confirmed.

### **3. Inaccuracy of Intangible Assets**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects intangible assets totalling Kshs.370,500. However, no provision for amortization was made on the intangible assets. This was contrary to accounting policy 4(e) of the Summary of Significant Accounting Policies of the financial statement which states that intangible assets are carried at cost less any accumulated amortization and accumulated impairment.

In the circumstance, the accuracy and completeness of intangible assets totalling Kshs.370,500 could not be confirmed.

### **4. Inaccuracy of Trade and Other Payables**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables totalling Kshs.41,810,905. However, the amount differs with the supporting ledger balance of Kshs.38,608,859 resulting in unexplained and unreconciled variance of Kshs.3,202,046.

In the circumstances, the accuracy and completeness of trade and other payables totalling Kshs.41,810,905 could not be confirmed.

### **5. Inaccuracy of the Statement of Cash Flows**

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs. 235,212,271. However, the amount differs with the recomputed balance of Kshs. 18,609,254 resulting in unexplained variance of Kshs. 216,603,017.

Further, the statement reflects total payments amounting to Kshs.235,212,271. However, the amount differs with the total payments amounting to Kshs.252,483,341 reflected in the statement of comparison of budget and actual amounts resulting in unexplained variance of Kshs.17,271,070.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

## **6. Inaccuracy of Total Operational Expenditure Final Budget**

The statement of Comparison of Budget and actual amounts reflects total operational expenditure budget amounting to Kshs.253,713,474. However, the amount differs with recomputed balance of Kshs.291,338,727 resulting in unexplained variance of Kshs.37,625,253.

In the circumstances, the accuracy and completeness of total operational expenditure budget amounting to Kshs.253,713,474 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit report of the previous year, eight (8) issues were raised under the Report on Financial Statements, Emphasis of matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown **Annexure I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

### **Other Information**

Management is responsible for the Other Information set out on page iii to xxxiv which comprise of Key Entity Information and Management, Key Management Team, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, and Environmental and Sustainability Reporting . 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)

As previously reported, review of the Hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the Hospital did not meet the minimum staffing levels prescribed by the Kenya Quality Model for Health Policy Guidelines on personnel as shown below:

<b>Personnel Requirements</b>	<b>Level 4 hospital Standard/Recommended staff Level</b>	<b>Number in Hospital</b>	<b>Variance</b>
Medical Officers	16	14	2
General Surgeons	2	1	1
Anesthesiologists	2	1	1

Further, the Hospital does not have a High Dependency Unit (HDU) bed, despite the recommended capacity of five (5) HDU beds. This was contrary to Section 25(1) of the Health Act, 2017 which states that the technical classification of levels of health care shall be as set out in the First Schedule of the Act.

Further, Paragraph (i) of the First Schedule requires Level 4 facilities to have in place proper case management of referral cases through the provision of four main clinical specialties including internal medicine, general surgery, gynae obstetrics and pediatrics by general practitioners backed by appropriate technical devices.

In the circumstances, the Management was in breach of the law and the Hospital is not able to provide the envisaged services to the public.

## **2. Failure to appoint Hospital Management Committee**

As previously reported, the Hospital operated without a Management Committee contrary to section 9(1) of the Kericho County Health Services Act 2021 which states that the Hospital Committee shall consist of nine members appointed by the County Executive Committee Member with the approval of the County Assembly.

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

## **3. Lack of a Risk Management Policy**

Review of the documents and records provided for audit review revealed that the Hospital Management had not established Risk Management Policy. This is contrary to Regulation 158 (1) (a) (b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the accounting officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Further, the Hospital did not maintain a risk register which implies the hospital might not be effectively tracking and addressing its risk profile. This implies that the Hospital might not be effectively tracking and addressing its risk profile.

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 Article 229(6) of the Constitution and 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 public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Lack of a strategic Plan and Institutional Policies**

The Hospital operated without a strategic plan during the year under review. Further, the Hospital Management had not developed its own institutional policies and procedure

manuals, including but not limited to an Asset Management Policy, Transport Management Policy, Disaster management and Business Continuity Plan, and Finance and Accounting Policies. Instead, the Hospital relied solely on policies and manuals developed by the County Government.

There is risk of ineffective resource utilization, lack of clear operational direction, and governance risks, as county-level policies may not adequately address its unique needs.

The audit was conducted in accordance with ISSAI 2315 and ISSAI2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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**

**20 November, 2025**

## Annexure I

### Unresolved Prior Year Audit Matters

<b>Financial Year</b>	<b>Audit Issue</b>
	<b>Qualified Opinion</b>
2023/2024	Inaccuracy of Receivables from Exchange Transactions
2023/2024	Inaccuracy of Property, Plant and Equipment
2023/2024	Inaccuracies in the Statement of Cash Flows
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES
2023/2024	Lack of Hospital Committee
2023/2024	REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE
	Lack of a Risk Management Policy
	Lack of Information Communication Technology (ICT) Policies, Procedures and Controls.
	Lack of an Internal Audit Function.

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

	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	24,146,538	60,968,464.0
In- kind contributions from the County Government	7	17,271,070	17,271,070.0
		<b>41,417,608</b>	<b>78,239,534.0</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	266,893,619	169,028,986.0
<b>Revenue from exchange transactions</b>		<b>266,893,619</b>	<b>169,028,986.0</b>
<b>Total revenue</b>		<b>308,311,227</b>	<b>247,268,520.0</b>
<b>Expenses</b>			
Medical/Clinical costs	9	137,266,494	95,695,210.0
Employee costs	10	17,271,070	17,271,070.0
Repairs and maintenance	11	6,625,741	9,236,043.0
General expenses	12	68,403,631	47,760,846.0
Trnafers to crf		24,146,538	56,486,997.0
<b>Total expenses</b>		<b>253,713,474</b>	<b>226,450,166.0</b>
<b>Other gains/(losses)</b>			
Medical services contract Losses(waivers)	13	( 3,470,889 )	( 6,208,080.0 )
<b>Total other gains/(losses)</b>			
<b>Net Surplus / (Deficit) for the year</b>		<b>51,126,864</b>	<b>14,610,274.0</b>

The Hospital's financial statements were approved by the Board on 4/11/2025 and signed on its behalf by:

.....  
**Dr Japhet Cheruiyot**  
 Chief officer  
 Health services

.....  
**Cpa. Sang Davies**  
 Accountant  
 ICPAK No:31573

.....  
**Dr.Collins Biwott**  
 Medical Superintendent

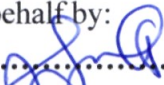
**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	24,886,323	7,741,969
Prepayments			
Receivables from exchange transactions	15	92,845,892	45,807,455
Receivables from non-exchange transactions	16	-	13,290,694
Inventories	17	34,918,763	36,488,841
<b>Total Current Assets</b>		<b>152,650,978</b>	<b>103,328,959</b>
<b>Non-current assets</b>			
Property, plant, and equipment	18	11,181,432	9,716,640
Intangible assets	19	370,500	370,500
<b>Total Non-current Assets</b>		<b>11,551,932</b>	<b>10,087,140</b>
<b>Total assets (A)</b>		<b>164,202,910</b>	<b>113,416,099</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	41,810,905	42,150,958
<b>Total Current Liabilities</b>		<b>41,810,905</b>	<b>42,150,958</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		-	
<b>Total Liabilities (B)</b>		<b>41,810,905</b>	<b>42,150,958</b>
<b>Net assets (A-B)</b>		<b><u>122,392,005</u></b>	<b><u>71,265,141</u></b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		88,149,371	37,022,507
Capital Fund		34,242,634	34,242,634
<b>Net Assets</b>		<b><u>122,392,005</u></b>	<b><u>71,265,141</u></b>

**Kapkatet sub county Hospital ( County Government of Kericho)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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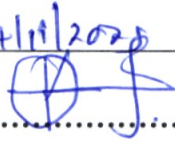
The Hospital's financial statements were approved by the Board on 4/11/2025 and signed on its behalf by:

  
.....

**Dr Japhet Cheruiyot**  
**Chief officer**  
**Health services**

  
.....

**Cpa. Sang Davies**  
**Accountant**  
**ICPAK No:31573**

  
.....

**Dr. Collins Biwott**  
**Medical Superintendent**

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

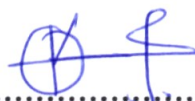
Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	22,412,233	34,242,634	56,654,867
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	14,610,274	-	14,610,274
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	37,022,507	34,242,634	71,265,141
At July 1, 2024	-	37,022,507	34,242,634	71,265,141
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	51,126,864	-	51,126,864
Capital/Development grants	-	-	-	-
At June 30, 2025	-	88,149,371	34,242,634	122,392,005



.....  
**Dr Japhet Cheruiyot**  
Chief officer  
Health services



.....  
**Cpa. Sang Davies**  
Accountant  
ICPAK No:31573




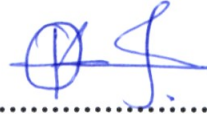
.....  
**Dr. Collins Biwott**  
Medical Superintendent

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		37,437,232	53,335,255
Rendering of services- Medical Service Income		216,384,293	123,857,429
<b>Total Receipts</b>		<b>253,821,525</b>	<b>177,192,684</b>
<b>Payments</b>			
Medical/Clinical costs		137,047,935	64,433,357
Repairs and maintenance		5,865,601	1,506,720
Grants and subsidies			
General expenses		68,152,197	47,350,990
transfers to crf		24,146,538	56,486,997
<b>Total Payments</b>		<b>235,212,271</b>	<b>169,778,064</b>
<b>Net cash flows from operating activities</b>		<b>235,212,271</b>	<b>169,778,064</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(1,464,900)	-
<b>Net cash flows used in investing activities</b>		<b>(1,464,900)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,144,354</b>	<b>7,414,621</b>
Cash and cash equivalents as at 1 July2024		7,741,969	327,348
<b>Cash and cash equivalents as at 30 June 2025</b>		<b>24,886,323</b>	<b>7,741,969</b>

  
.....  
**Dr Japhet Cheruiyot**  
Chief officer  
Health services

  
.....  
**Cpa. Sang Davies**  
Hospital Accountant  
ICPAK No:31573

  
.....  
**Dr. Collins Biwott**  
Medical Superintendent

**18. 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
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	-	7,741,969	7,741,969	-	%
<b>Receipts</b>						
Transfers from the County Government	13,290,694	24,146,538	37,437,232	37,437,232	-	100
Rendering of services- Medical Service Income	122,414,066	76,591,106	199,005,172	216,384,293	17,379,121	109
In- kind contributions from the County Government	17,271,070	-	17,271,070	17,271,070	-	100
<b>Total receipts</b>	<b>152,975,830</b>	<b>100,737,644</b>	<b>253,713,474</b>	<b>278,834,564</b>	<b>-</b> <b>25,121,090</b>	<b>110</b>
<b>Payments</b>						
Medical/Clinical costs	73,200,000	72,603,621	137,266,494	137,047,935	8,755,686	94
Employee costs	17,271,070	17,271,070	17,271,070	17,271,070	-	100
Repairs and maintenance	10,450,000	2,863,840	6,625,741	5,865,601	7,448,239	44
General expenses	50,554,760	22,977,828	68,403,631	68,152,197	5,380,392	93
transfers to CRF	24,146,538		24,146,538	24,146,538	-	100
<b>Total Operational Expenditure paid</b>	<b>175,622,368</b>	<b>115,716,359</b>	<b>253,713,474</b>	<b>252,483,341</b>	<b>1,230,134</b>	<b>100</b>
<b>Capital Expenditure paid</b>				<b>1,464,900</b>	1464900	
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,886,323</b>	<b>-</b> <b>24,886,323</b>	

*(The items that falls under 90% in the statement of comparison budget and actuals is due to the difference in the accounting basis where budget is prepared in cash basis while the statement of performance is prepared in accrual basis)*

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>24,886,323</b>
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>24,886,323</b>

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

### **1. General Information**

Kapkatet Sub County Hospital entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the County Government and is domiciled in Kericho County in Kenya. The entity's principal activity is provision of health services

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

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

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

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, 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</p>

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p>of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"><li data-bbox="829 1456 1356 1702">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li><li data-bbox="829 1724 1356 1868">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li></ol>

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>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.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"><li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li><li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li><li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li></ol>

**Standard**

**Effective date and impact:**

*iii) Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**b. Budget information**

The original budget for FY 2024/2025 was approved by HMT on ~~xxxx~~. 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 ~~xxxx~~ on the FY xxx 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.

*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.

*Notes to the Financial Statements (Continued)*

**f. Biological Assets**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**g. 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.

**h. Social Benefits**

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

**i. 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.

**j. 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.

**k. 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.)*

**l. 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.

**m. Employee benefits**

**Retirement benefit plans**

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

**n. Foreign currency transactions**

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

**o. Borrowing costs**

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

**p. Related parties**

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

**q. Service concession arrangements**

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

**r. 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.

**s. Comparative figures**

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

**t. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Notes to Financial Statements Continued**

**6. Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance <sup>27</sup> KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	FY 2023/2024
			KShs	KShs	KShs
Kericho County Government	24,146,538	-	-	24,146,538	60,968,464.00
<b>Total</b>	<b>24,146,538</b>	<b>-</b>	<b>-</b>	<b>24,146,538</b>	<b>60,968,464.00</b>

*(These are the transfers from the county government as AIE funding for the period ended 30<sup>th</sup> June 2025)*

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

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	17,271,070.00	17,271,070.00
<b>Total grants in kind</b>	<b>17,271,070.00</b>	<b>17,271,070.00</b>

(These are salaries incurred by the county government on behalf of the facility)

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Fif	62,511,889	59,041,908.00
Sha Claims	171,558,291	64,179,623.00
Nhif Claims	29,352,550	45,807,455.00
Others	3,470,889	-
<b>Total revenue from the rendering of services</b>	<b>266,893,619</b>	<b>169,028,986.00</b>

(These relates to the revenue earned by the facility during the financial year )

**9. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	13,853,416	8,169,966
Uniform, clothing, and linen	980,793	2,822,524
Dressing and Non-Pharmaceuticals	63,372,587	50,291,141
Pharmaceutical supplies	45,254,320	27,137,580
Purchase of Medical gases	2,921,240	744,160
X-Ray/Radiology supplies	10,884,138	6,529,839
<b>Total medical/ clinical costs</b>	<b>137,266,494</b>	<b>95,695,210</b>

**10. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	17,271,070.00	17,271,070.00
<b>Employee costs</b>	<b>17,271,070.00</b>	<b>17,271,070.00</b>

### 11. Repairs And Maintenance

Description	2024/2025	2023/2024
Property- Buildings	-	2,517,160
Medical equipment	5,476,668	3,678,883
Maintenance of plant and machinery	231,943	-
Electricity Transformer upgrade	-	2,996,000
Service of Xray	-	44,000
Motor vehicle expenses	917,130	-
<b>Total repairs and maintenance</b>	<b>6,625,741</b>	<b>9,236,043</b>

### 12. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	21,528,261	14,931,488
Contracted services	8,799,421	8,450,397
Electricity expenses	11,130,935	5,906,780
Fuel and Lubricants	9,385,344	6,399,904
safety gears	595,000	-
Travel and accommodation allowance	1,080,940	-
repatriation allowances	1,245,750	-
Printing and stationery	5,457,829	4,964,949
Consultancy fees		102,500
Water and sewerage costs	449,000	153,190
Telephone and mobile phone services	300,000	778,264
Internet expenses	288,150	-
Staff training and development	5,289,468	2,941,110
Subscriptions to professional bodies	22,400	-
Withholding taxes		595,656
bank charges	382,393	30,000
Electricals and Plumbing consumables	2,448,740	2,506,608
<b>Total General Expenses</b>	<b>68,403,631</b>	<b>47,760,846</b>

### 13. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Waivers and Exemptions	3,470,889	6,208,080.00
<b>Total Gain/Loss</b>	<b>3,470,889.00</b>	<b>6,208,080.00</b>

**14. Cash And Cash Equivalents**

Description	2024/2025	2023/2024
Current accounts	24,886,323	7,741,969
Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b>24,886,323</b>	<b>7,741,969</b>

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

Description	Account number	2024/2025
<b>Financial institution</b>		
a) <b>Current account</b>		
Kenya Commercial bank	1152282913	23,693,320
Kenya Commercial bank	1335965,971	1,193,002
<b>Grand total</b>		<b>24,886,323</b>

**15. Receivables From Exchange Transactions**

Description	2024/2025	2023/2024
Medical services receivables-SHA	53,199,014	-
Medical services receivables-NHIF	39,654,878	45,807,455
<b>Total receivables</b>	<b>92,853,892</b>	<b>45,807,455</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025	
	Kshs	
	2024/2025	% of the total
Less than 1 year	53,199,014	57
Between 1- 2 years	39,654,878	43
Between 2-3 years	-	-
Over 3 years	-	-
<b>Total (a+b)</b>	<b>92,853,892</b>	<b>100</b>

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

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government	-	13,290,694.00
<b>Total</b>	<b>-</b>	<b>13,290,694.00</b>

**17. Inventories**

Description	2024/2025	2023/2024
Pharmaceutical supplies	8,898,903	5,048,439.00
Non pharms	26,019,860	31,440,402.00
<b>Total</b>	<b>34,918,763</b>	<b>36,488,841.00</b>

**Detailed disclosure on inventories**

	2024/2025	2023/2024
Opening balance	36,488,841	-
Additional Inventory in the year	176,401,678	-
Inventory expensed in the year	177,971,756	-
Write-downs in the year		-
Others specify		-
Closing balance	34,918,763	-

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*Notes to the Financial Statements (Continued)*

**18. Property, Plant and Equipment**

Description	Furniture, fittings, and office equipment	ICT Equipment	BUILDINGS	Total
	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>				
At 1 July 2023	-	-	<b>6,966,606.00</b>	<b>6,966,606.00</b>
Additions	-	2,749,926.00	-	2,749,926.00
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
Revaluation Adjustments	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	<b>-</b>	<b>2,749,926.00</b>	<b>6,966,606.00</b>	<b>9,716,532.00</b>
At 1 July 2024	-	2,749,926.00	6,966,606.00	9,716,532.00
Additions	1,464,900.00	-	-	1,464,900.00
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
Revaluation Adjustments	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	<b>1,464,900.00</b>	<b>2,749,926.00</b>	<b>6,966,606.00</b>	<b>11,181,432.00</b>
<b>Depreciation and impairment</b>				
At 1 July 2023	-	-	6,966,606.00	6,966,606.00
Depreciation for the year	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
<b>At 30 June 2024</b>	<b>1,464,900.00</b>	<b>2,749,926.00</b>	<b>6,966,606.00</b>	<b>6,966,606.00</b>

**Kapkatet Sub County Hospital County Government of Kericho)**  
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At July 2024	1,464,900.00	2,749,926.00	6,966,606.00	11,181,432.00
Depreciation	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	<b>1,464,900.00</b>	<b>2,749,926.00</b>	<b>6,966,606.00</b>	<b>11,181,432.00</b>
<b>Net book values</b>				
At 30 <sup>th</sup> Jun 2024	-	2,749,926.00	6,966,606.00	9,716,532.00
At 30 <sup>th</sup> Jun 2025	1,464,900.00	2,749,926.00	6,966,606.00	11,181,432.00

Notes to the Financial Statements (Continued)

19. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
<b>Cost</b>		
At beginning of the year	370,500	-
Additions-Internal development	-	370,500
<b>Amortization and impairment</b>		
At end of the year	370,500	370,500
<b>NBV</b>	<b>370,500</b>	<b>370,500</b>

20. Trade and other Payables

Description	2024/2025	2023/2024
Trade payables	41,810,905	42,150,958
<b>Total trade and other payables</b>	<b>41,810,905</b>	<b>42,150,958</b>

Description	2024/2025		2023/2024	
	KShs	% of the Total	KShs	% of the total
Trade payables	41,810,905		42,150,958	
<b>Total trade and other payables</b>	<b>xxx</b>		<b>xxx</b>	
<b>Ageing analysis:</b>				
Under one year	41,810,905	100	42,150,958	100
<b>Total</b>	<b>41,810,905</b>	<b>100</b>	<b>42,150,958</b>	<b>%</b>

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

**21. Events after the Reporting Period**

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

**22. Currency**

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

**20 Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.	Inaccuracy of receivables from exchange transactions	The reconciliation has been done to establish the variances	Resolved	
2.	Inaccuracy of property, plant and equipment	The management has provided the list of all the assets .	Resolved	
3.	Inaccuracy in the statement of cashflows	The statement of cashflows is prepared basing on actuals while the statement of performance is on accrual basis	Resolved	
4.	Budgetary control and performance	The variance in the statement of comparison budget and actuals is due to the difference in the accounting basis where budget is prepared in cash basis while the statement of performance is prepared in accrual basis	Resolved	
5.	Lack of Hospital committee	The establishment of the Board is at the final stages.	Resolved	

**Kapkatet Sub County Hospital County Government of Kericho)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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)
6.	Lack of Risk Management policy	The facility uses the Risk management policy available at the county Government	Resolved	
7.	Lack of information communication Technology policies and procedures	The facility ICT policies available at the county Government	Resolved	
8	Lack of internal audit function	The facility utilizes the services of internal audit from the county treasury	Resolved	

**Guidance Notes:**

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



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**Accounting Officer**

