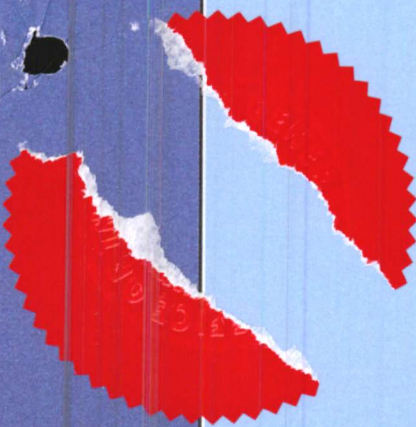
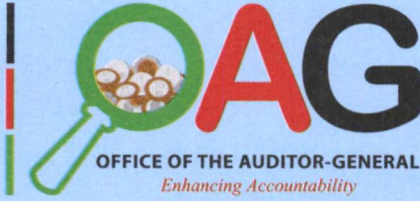


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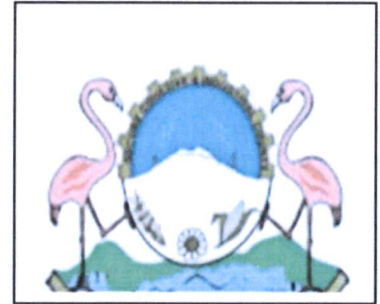
SOIN SUB COUNTY LEVEL 4 HOSPITAL

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FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

15



**SOIN SUB COUNTYHOSPITAL
(Nakuru County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

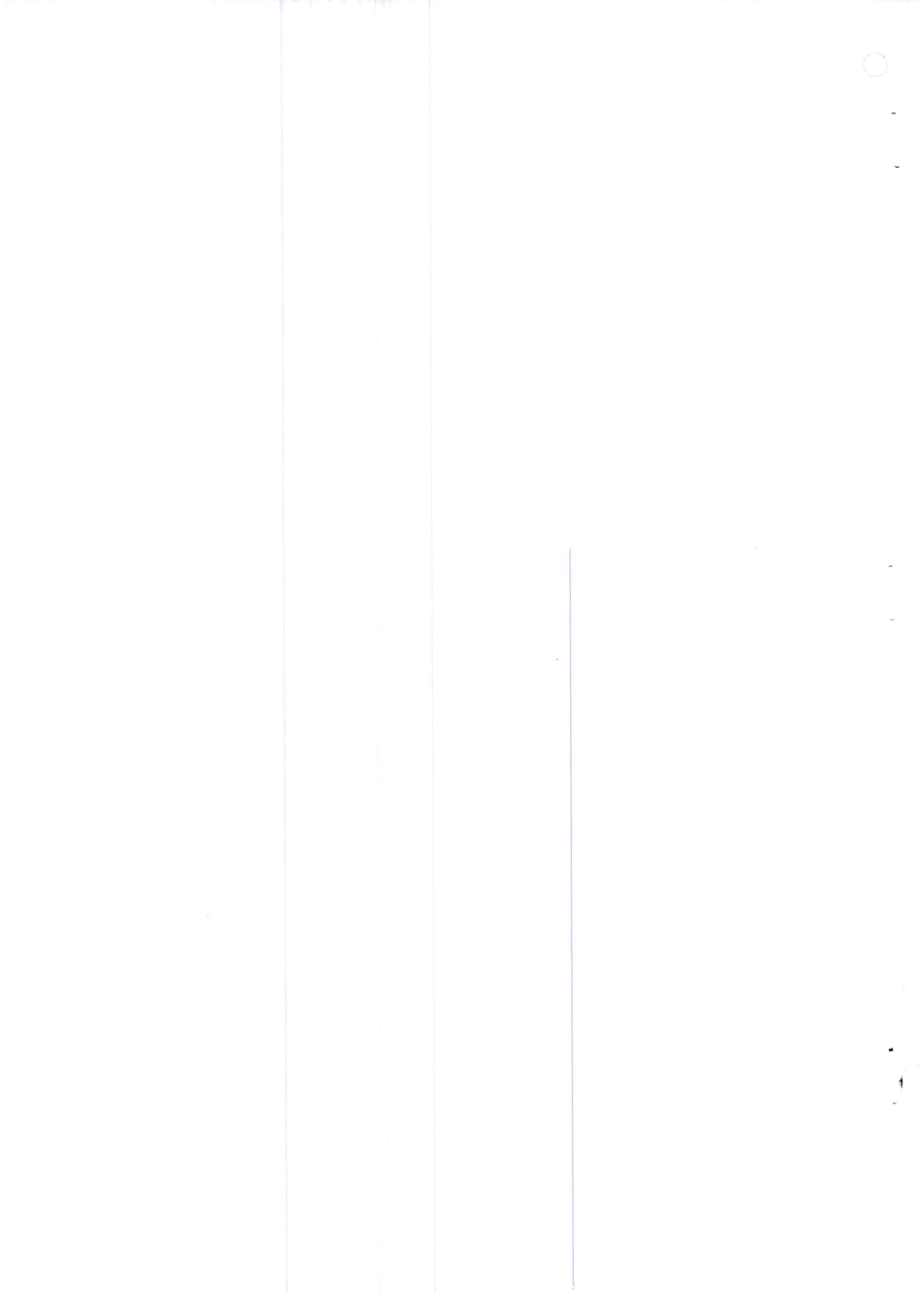
Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)





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1. Acronyms &Glossary of Terms

CCC	Comprehensive Care Clinic
CSR	Corporate Social Responsibility
FP	Family Planning
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MCH	Maternal and Child Health
MED SUP	Medical Superintendent
NHIF	National Health Insurance Fund
TB	Tuberculosis
UTJ	USAID TujengeJamii
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MCH	Mother Child Health
PMTCT	Prevention of Mother to Child Transmission (PMCT)
CCC	Comprehensive Care Clinic
NHIF	National Hospital Insurance Fund
HMT	Hospital Management Team
ESP	Economic Stimulus Program
UTJ	USAID – TujengeJamii
USAID	United States Agency for International Development.

FIF	Facility Improvement funds
HIV	Human Immunodeficiency Virus
AIDS	Acquired Immunodeficiency Syndrome
EMR	Electronic Medical Report
ICT	Information and Communications Technology
CWC	Child Welfare clinic
ANC	Antenatal Care
SOP's	Standard Operating Procedures
HRM	Human Resource Management
CSR	Corporate Social Responsibility
FP	Family Planning
PNC	Post-Natal Care
EMR	Electronic Medical Record
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Soin sub-county Hospital is a level 4 hospital established under gazette notice number 7619 and is domiciled in Nakuru County under the Health Department. The hospital is governed by a Board of Management.

Since its establishment, Soin Sub-County Hospital has seen a lot of development by the Kenyan government providing more funds to improve the in-patient capacity and outpatient facilities to its present state. Soin Sub County Hospital has an eventful history, which continues to influence its present status. Its inception was largely influenced by the long distance between Soin ward and Nakuru town where major health facilities were located.

The facility serves a catchment of approximately 11,000 people and the majority of the population that seeks services at the facility being women and children. We also serve people from our neighbouring communities especially from Nakuru north sub-county and Baringo sub-county which are our neighbouring sub counties. It currently offers services to the public under the County department of Health Services.

(b) Principal Activities

The Vision of Hospital is to become a Centre of excellence in quality healthcare services, while its mission is to provide accessible, responsive, quality healthcare services to all citizens. We offer MCH and maternity services under SHA. The hospital also offers training opportunities for medical students from all over the country.

The facility has 52 employees in the hospital. This includes 31 permanent and pensionable terms, 1 staff under county contract, 3 under UHC contract 7 under UTJ contract and 10 casuals.

The principal activity is to offer services to the public under the County Department of Health Services. The hospital offers services to UHC and SHA patient.

Services offered include:

- Maternal Child Health
- Family Planning
- Curative services (outpatient)
- HIV and TB Care
- Maternity services
- Laboratory services
- Community screening programs

The facility has a current staff establishment of 31 under permanent and pensionable terms, 1 under county contract, 3 under the UHC program and 7 seconded by supporting partners (UTJ).

There is great understaffing in all cadres with some key cadres missing, which are needed to offer services in essential services such as nutritional services. The county government has employed most of the technical officers and contractual staff while the facility improvement fund (FIF) remunerates casual workers and security officers.

(c) Key Management

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

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

The *hospital's* management works with the following key organs:

- Board of Management
- Medical Superintendent
- Head of departments

(d) Fiduciary Management

The key management personnel who held office during the financial period ended xx 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Hospital Medical Superintendent	Irene Jelagat Koech
3.	Hospital Administrator	Julius Ngeno
4.	Nursing Officer In charge	Teresa Amani
5.	Hospital Accountant/Head of Finance	Calvin Momanyi
6.	Pharmacy in Charge	Lydia Kakenya
7.	Laboratory in Charge	CarolyneKiptoon
8.	Public Health Officer in Charge	Joseph Kangogo
10.	Health records and information officer	Esther mbui
11.	Clinical officer in charge	Lucy Chepkemoi
12.		

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

(i) The County Assembly

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

(ii) The Controller of Budget

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

(iii) County Executive Committee

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

(iv) Internal Auditor Department

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

Key Entity Information and Management (continued)

(a)Soin Sub-County Hospital

P.O. Box 86- 20105
Mogotio,Baringo
Mogotio-Baringo Road,
Nakuru, Kenya

(b)Soin Sub- County Hospital Contacts

Telephone: (+254) 759421511
E-mail: soinsch@gmail.com
Website: <https://nakuru.go.ke/>

(c)Hospital Bank(s)

Kenya Commercial Bank (KCB),
Head Office, National Bank Building
P.O. Box: 72866 -00200
Nairobi, Kenya

(d)Independent Auditors

Auditor General

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



(e)Principal Legal Adviser



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

(f)County Attorney



The County Attorney
New Town Hall Building
Moi Road
P.O. Box. 2870-20100
Nakuru, Kenya.



3.board of management

Ref	Directors	Details
1.	 <p>Symon Molok-Chairperson</p>	<p>Knowledge in finance and administration. Member of finance committee. Holds a diploma in business management Been member of board for the last two years. The chairman of board committee.</p>
2.	 <p>De Gaulle Naburuki-Member</p>	<p>Area MCA Member of the board and finance committee Being member of the committee for the last three years. Have knowledge in finance. Holds diploma in business management</p>

<p>3.</p>	 <p>Irene Jelagat Koech-Secretary</p>	<p>Secretary to the board Being a board secretary for the last half year Member of finance committee. Serve as principle clinical officer BEHS Higher diploma lungs and skin disease Diploma in clinical medicine and surgery Medical superintendent</p>
<p>4.</p>	<p>Rev Isaiah Tallam-member</p>	<p>Faith based organization rep Chairperson services Member to the board committee Quality committee.</p>
<p>5.</p>	 <p>Margaret Cheptoo</p>	<p>Women group representative. Member of the board committee. Secretary in finance committee. She has knowledge in finance. Serve as hospital for the last 2 years.</p>

4.Key Management Team

Management	Details
 <p data-bbox="124 913 598 949">IRENE JELAGAT KOECH-med-sup</p>	<p data-bbox="735 501 1161 537">Chairperson to the Hmt members.</p> <p data-bbox="735 555 1153 591">Serve as principle clinical officer</p> <p data-bbox="735 609 820 645">BEHS</p> <p data-bbox="735 663 1246 698">Higher diploma in lung and skin disease.</p> <p data-bbox="735 716 1203 752">Diploma in clinical medicine surgery</p> <p data-bbox="735 770 1147 806">Serve as medical superintendent.</p> <p data-bbox="735 824 1214 860">For the period of one and a half years.</p>
 <p data-bbox="124 1473 272 1509">Sally Limo</p>	<p data-bbox="735 1120 1185 1155">Represent deputy nursing in charge.</p> <p data-bbox="735 1173 983 1209">Member to the hmt.</p> <p data-bbox="735 1227 1070 1263">Hold a diploma in nursing.</p> <p data-bbox="735 1281 1318 1361">Being appointed as member of hmt for the last three years.</p>

 <p>Carolyne Kiptoon – Lab Technologist</p>	<p>Laboratory in charge Member of hmt Holds a diploma in lab tech Being appointed as the member of hmt for the last three years</p>
 <p>Christine Komen-Nutritionist</p>	<p>Nutritionist in charge Being a member of hmt Holds diploma in nutrition and diatetics. Being appointed as the member of hmt for the last four years.</p>




Esther Wambui

Health Records Officers in charge
Being a member of hmt
Holds a diploma in health record information.
Being appointed as the secretary of hmt for the last six years



Caroline Salim

Dentist Officer in charge
Holds a diploma in Coho
Being a member of hmt
Being appointed as the member of hmt for the last four years.

 <p>Teresa Amani</p>	<p>Nursing in charge Holds a diploma in nursing Being a member of hmt Being appointed as the member of hmt for the last five years</p>

3. Chairman's Statement

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

Established in the 1950s as a dispensary, Soin Sub-County Hospital has grown into a Level 4 facility, officially classified in 2017 by the Kenya Medical Practitioners and Dentists Board (KMPDB), the National Hospital Insurance Fund (NHIF), and the County Department of Health. Located along the Nakuru–Baringo, the hospital occupies 5 hectares (25 acres), a quarter of which is developed. With a 22-bed capacity across Children's, Male, Female, and Maternity Units, the hospital operates both. On average, we serve 10 inpatients and 60 outpatients daily, with an average of 38 deliveries per month,

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

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

On behalf of the Board, I wish to express our heartfelt appreciation to all stakeholders—especially the County Government of Nakuru and our various partners—for their unwavering support.

Looking forward, we are exploring to upgrade our maternity, outpatient department and finish the perimeter fence. These developments will strengthen our capabilities and align Soin Sub-County Hospital with other high-performing facilities in the region.

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



.....
Name Symon Molok.

Chairman to the Board

4. Report of The Medical Superintendent

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

Operational Performance

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

In 2024/2025, our outpatient workload totaled **13,872 visits** across multiple clinics, including MOPC, ANC, TB, and dental services. We conducted **443 deliveries**. There were **901 total admissions** with an average length of stay of five days, while ANC attendance reached **1,229 clients**.

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

Financial Performance

For the year ending 30th June 2025, the hospital collected a total of **KES 6,974,648**, reflecting increase compared to the previous year's **KES1,282,945.75**.

Challenges Faced

1. **Resource Constraints** – Limited resources have restricted investment in advanced technology and the maintenance of optimal staffing levels.
2. **Healthcare Staff Shortages** – Persistent shortages, particularly in laboratory and pharmacy departments, have affected service delivery.
3. **Infrastructure Maintenance** – Funding limitations have hindered the upkeep of facilities. The county has committed to addressing these matters.

The Way Forward

1. **Resource Mobilization** – We will continue to seek partnerships and funding to expand resources, invest in technology, and seal revenue leakages.

2. **Workforce Expansion** – We will sustain advocacy for increased staffing from the County Government of Nakuru.

Conclusion

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

Acknowledgments

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



.....
Irene Jelagat Koech

Secretary to the Board

5. Statement of Performance Against Predetermined Objectives

Soin Sub County has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2024/25. These strategic pillars are as follows;

- (i) Clinical Service Delivery
- (ii) Healthcare Financing and Sustainability
- (iii) Leadership and Governance
- (iv) Medical products, Vaccines and Technology

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

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

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

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

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the board of management, Soin Sub- County Hospital remains steadfast in complying with statutory requirements and the policies governing health.

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board has three (3) committees; they meet regularly under the terms of reference set by the Board

The roles and responsibility of the Board include:

- i. Establishing the Hospital's policy direction and priorities, and adopting proposals by management
- ii. Monitoring and evaluating the implementation of budget and work plans providing oversight in financial reporting.
- iii. Ensuring availability of adequate resources for the achievement of the Hospital's objectives
- iv. Providing a communication link between the hospital and community and other stake holders.
- v. Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- vi. Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- vii. Providing oversight in financial reporting to the Government and communication to stakeholders.
- viii. Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- ix. Overseeing business affairs of the Hospital in light of emerging risks and opportunities and approving annual budgets.

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

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

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

Membership

The HMC consists of at least seven (7) or seven () members of the committee appointed by the Governor. A member of the committee, a part from the ex-officio, holds office for a period of three (3) years and is eligible for a one (1) further term of three (3) years.

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

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

The appointed members as follows:

The appointed members as per The Kenya Gazette Notice Vol. CXXIV—No. 2 is as follows:

<i>Chairperson</i> Symon Molok	<i>Member with knowledge in Finance and Admin</i>
<i>Faith-based organizations</i> Rev Isaiah Talam	<i>Faith-based organizations Representative</i>
<i>Medical Superintendent</i> Jelagat Koech	<i>Secretary to the Board</i>
<i>Area MOH</i> Michael Odeke	<i>Ex officio member</i>
<i>Area Sub-County Admin</i> Roseline Mutai	<i>Ex- Officio member</i>
<i>Women Groups Representative</i> Margaret Cheptoo	<i>Women Groups Representative</i>
<i>PWD Representative</i> Evans Kibet Langat	<i>PWD Representative</i>
<i>Youth Representative</i> Dominic Kiprop	<i>Youth Representative</i>

<i>Area MCA</i> Hon GauleNaburuki	<i>Ex- Officio Member</i>
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Board Meetings and Attendance

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

The attendance was as follows:

Name	Role	Attendance
Symon Molok	Chairperson	4 out of 4
Michael Odeke	Sub-County MOH	4 out of 4
IreneJelagatKoech	Secretary	2 out of 4
Margaret Too	Women Groups Representative	4 out of 4
Rev Isaiah Talam	Faith-based organizations Rep	4 out of 4
EvansKibetLangat	PWD Representative	0 out of 4
DominicKiptoo	Youth Representative	4 out of 4
Hon. Naburuki De Gaule	Ex- Officio	4 out of 4

9. Management Discussion and Analysis

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

Operational Performance:

Key Performance Indicator	2023/2024	2024/2025
Bed Capacity	22	22
Total admissions	800	901
Outpatient Workload	11,176	13,872
Average Length of Stay (days)	5	5

There was an increase in the number outpatients.

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

Deliveries conducted were 443 with an average of 38 deliveries per month.

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

Macerated Still Birth	0
Fresh Still Birth	1
Other Perinatal Death	0

Those attending ANC clinic had new attendees hitting **1229**. All the women attending ANC were issued with IFAS.

There was no maternity mortality during this financial year.

Financial Performance:

Financial Indicator	FY 2023/24 (Kshs.)	FY 2024/25 (Kshs)
Cash	1,282,946.00	6,433,945.00
Total Expenses	3,720,334.00	(2,437,388.25)
Net Flow from operating activities	(2,437,388.25)	1,258,693.65

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

Source of Revenue	Amount Kshs:
SHA & SHIF	3,929,83.65
CASH	2,504,108.00
TOTAL	6,433,945.00

Trade and other Payable as at 30th June 2025 is **KES741,986**.

Compliance with Statutory Requirements:

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

Major Challenges Facing the Organization:

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

.....

Irene Jelagat Koech

10. Environmental And Sustainability Reporting

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

i) Sustainability Strategy and Profile

The hospital is planning to shift to the use of briquettes (biomass fuel) for cooking. This initiative will significantly reduce air pollution and create a healthier working environment for our kitchen staff.

ii) Environmental Performance

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

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

iii) Employee Welfare

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

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

iv) Marketplace Practices

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

Our practices include:

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

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

a) Patient Rights and Interests

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

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

b) Corporate Social Responsibility / Community Engagement

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

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

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

Report of The Board of Management

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

Principal activities

The principal activities of Soin Sub-County Hospital are to continue providing quality and affordable preventive, promote, rehabilitative and curative health services in Rongai Sub County.

Results

The results of Soin Sub-County Hospital for the year ended June 30, 2025 are set out on pages 1 to 60.

Board of Management

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

Auditors

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

By Order of the Board



Date: 28/8/25

Irene Jelagat Koech

Secretary to The Board

11. Report of The Board of Management

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

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

The Board of Management accepts responsibility for the Soin Sub-County Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of Soin Sub-County Hospital's transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the Soin Sub-County Hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25/08/2025 and signed on its behalf by:

.....

**Name: Symon Molok
Chairperson
Board of Management**



.....

**Name: Irene Jelagat Koech
Accounting Officer**

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Soin Sub County Level 4 Hospital set out on pages 1 to 76, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Soin Sub-County Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,775,308. However, the corresponding Note 27 to the financial statements reflects an amount of Kshs.2,148,910 resulting in an unexplained variance of Kshs.626,398.

The statement of financial position reflects a comparative balance of Kshs.2,790,000 in respect of receivables from exchange transactions. However, the corresponding Note 29 to the financial statements reflects Nil amount resulting in an unexplained variance of Kshs.2,790,000.

The statement of cashflows reflect cash and cash equivalents balance of Kshs.2,148,910 as at 30 June, 2024. However, the prior year's audited financial statements reflect an amount of Kshs.1,235,030 resulting in an unexplained variance of Kshs.913,880. Further, the statement reflects cash and cash equivalents balance of Kshs.2,775,308 as at 30 June, 2025. However, the recomputed amount is Kshs.1,861,428 resulting in an unexplained variance of Kshs.913,880.

The statement of cash flows reflects purchase of property, plant and equipment amount of Kshs.65,500. However, the corresponding Note 32 to the financial statements reflects a balance of Kshs.19,662,213 resulting in an unexplained variance of Kshs.19,596,713.

Further, Note 32 to the financial statements reflects assets addition balance of Kshs.19,662,213. However, the recomputed amount is Kshs.57,672,787 resulting in an unexplained variance of Kshs.38,010,574.

The statement of comparison of budget and actual amounts reflects an adjustment amount of Kshs.1,580,239 which was not supported with a revised or supplementary budget.

The statement of comparison of budget and actual amounts reflects medical/clinical costs performance difference of Kshs.549,609. However, the recomputed amount is Kshs.22 resulting in an unexplained variance of Kshs.549,587.

The statement of comparison of budget and actual amounts for the year reflects general expenses performance difference of Kshs.649,648. However, the recomputed balance is Kshs.382,722 resulting in an unexplained variance of Kshs.266,926.

The statement of budget and actual amounts reflects total operational expenditure performance difference of Kshs.1,813,704. However, the recomputed balance is Kshs.997,191 resulting in an unexplained variance of Kshs.816,513.

The budget reconciliation statement in the financial statements reflects cash and cash equivalents opening balance of Kshs.2,148,910. However, the statement of financial position reflects comparative cash and cash equivalent amount of Kshs.1,282,946 resulting in an unexplained variance of Kshs.865,964.

Note 19 to the financial statements reflects repairs and maintenance amount of Kshs.211,968. However, the recomputed balance is Kshs.192,968 resulting in an unexplained variance of Kshs.19,000.

Note 21 to the financial statements reflects general expenses amount of Kshs.2,884,774. However, the recomputed balance is Kshs.2,878,774 resulting in an unexplained variance of Kshs.6,000.

Note 31 to the financial statements reflects inventories balance of Kshs.927,250. However, the recomputed amount is Kshs.907,215 resulting in an unexplained variance of Kshs.20,035.

Note 32 to the financial statements reflect total depreciation charge for the year amount of Kshs.393,244. However, the recomputed balance is Kshs.910,494 resulting in an unexplained variance of Kshs.517,250.

Note 43 to the financial statements reflects increase in receivables amount of Kshs.7,527,020. However, the statement of financial position reflects an amount of Kshs.9,459,397 resulting in an unexplained variance of Kshs.1,932,377.

Further, the Note reflects Nil amount in respect of increase in inventories. However, the statement of financial position reflects an amount of Kshs.256,978 resulting in an unexplained variance of Kshs.256,978.

The financial statements reflect opening balances for some components which are at variance with the prior year audited financial statements as detailed in the table below;

Item	Comparative Amount as per Financial Statements Kshs	Amount as per Prior Year Audited Financial Statements Kshs	Variance Kshs
Statement of Cash Flows			
Repairs and Maintenance	-	318,000	318,000
Total Payments	2,437,388	3,720,334	-1,282,946
Notes to the Financial Statements			
Note 21			
Consultancy fees	277,548	-	277,548
Contracted services	-	277,548	-277,548
Note 36			
Trade and other payables	-	1,136,101	-1,136,101
Note 43			
Cash generated from operations	-	10,562,611	-10,562,611

Management has not provided any explanation for the variance observed.

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

2. Variance in the Medical/Clinical Costs

The statement of financial performance reflects medical/clinical costs amounting to Kshs.3,777,824 as disclosed in Note 15 to the financial statements. Review of records including the supporting schedule summaries revealed an amount of Kshs.2,904,917 resulting in unexplained variance of Kshs.872,907.

In the circumstances, the accuracy and completeness of the medical/clinical costs amounting to Kshs.3,777,824 could not be confirmed.

3. Unsupported Employee Cost

The statement of financial performance reflects employee costs amounting to Kshs.50,264,664 as disclosed in Note 16 to the financial statements. The amount includes payment of salaries by the County Government totaling Kshs.49,328,472 and other employee costs (casual wages) amounting to Kshs.1,244,032. However, the amount paid to casual and contract staff was not supported by a payroll, ledgers and the respective payment vouchers.

In the circumstances, the accuracy and completeness of employee costs amount of Kshs.49,328,472 for the year ended 30 June, 2025 could not be confirmed.

4. Unsupported Depreciation and Amortization Expense

The statement of financial performance reflects depreciation and amortization amount of Kshs.910,494 as disclosed under Note 18 to the financial statements. However, Note 32 to the financial statements reflects an amount of Kshs.393,244 charged to property, plant and equipment resulting to an unexplained variance of Kshs.517,250. Further, the adopted method of depreciation and applicable rates by Management was not disclosed in the Notes to the financial statements.

In the circumstances, the accuracy and completeness of the depreciation and amortization amount of Kshs.910,494 could not be confirmed.

5. Variance in the Repairs and Maintenance Expenditure

The statement of financial performance reflects repairs and maintenance amount of Kshs.192,968. Review of records relating to repairs and maintenance revealed that the supporting schedule summaries reflected an amount of Kshs.73,594 resulting in an unexplained variance of Kshs.119,374.

Further, Management did not provide the payment vouchers and procurement records to support the expenditure.

In the circumstances, the accuracy and completeness of the repairs and maintenance expenses amount of Kshs.192,968 could not be confirmed.

6. Unsupported General Expenses

The statement of financial performance reflects general expenses amounting to Kshs.2,884,774. The amount includes expenses totaling Kshs.1,685,963 which were not supported with detailed schedules or ledgers. Further, review of sampled expenditure items amounting to Kshs.667,430 revealed that that there were no supporting documents.

In the circumstances, the accuracy, completeness and propriety of the general expenses amounting to Kshs.2,884,774 could not be confirmed.

7. Variance in the Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.2,775,308 in respect of cash and cash equivalents which relates to an account held in a local bank. Review of the cash book and bank reconciliation statement for June, 2025 revealed a balance of Kshs.2,150,751 resulting in an unexplained variance of Kshs.624,557.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.2,775,308 could not be confirmed.

8. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,249,397 as disclosed in Note 29 to the financial statements. However, Management did not provide the detailed schedules to support the balance. Further, the monthly billing summaries for Social Health Insurance Fund (SHIF) indicated that the amount owed to the Hospital as at 30 June, 2025 was Kshs.5,959,007 resulting to an unexplained variance of Kshs.6,290,390.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.12,249,397 could not be confirmed.

9. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.927,250 as disclosed in Note 31 to the financial statements. However, there were no stock take reports provided to confirm that the year-end inventory count as at 30 June, 2025 was conducted.

In the circumstances, the accuracy, existence and valuation of the inventory balance of Kshs.927,250 could not be confirmed.

10. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.39,424,506 as reflected in Note 32 to the financial statements. Review of the financial statements revealed that were assets additions amounting to Kshs.19,662,213 which were acquired during the year. However, Management did not provide the supporting schedules for the additions. Further procurement documents such as tender documents, user requisitions, advertisements, quotations, bid documents, evaluation minutes, professional opinion and award minutes were not provided for audit verification. It was therefore not possible to confirm whether the procurement process for the additions was done according with the law and regulations governing the procurement of goods and services.

Further, the balance of Kshs.39,424,506 includes an amount of Kshs.17,337,787 in respect land which was not supported with a title deed.

In addition, Management did not provide for audit the Hospital's asset register, hence, it was not possible to confirm the location, value and status of its assets.

In the circumstances, the accuracy, completeness, existence and valuation of the property, plant and equipment balance of Kshs.39,424,506 could not be confirmed.

11. Unsupported Account Payables

The statement of financial position reflects trade and other payables balance of Kshs.741,986 as disclosed in Note 36 to the financial statements. However, the amount was not supported with procurement documents, payment vouchers, invoices, delivery

notes and inspection and acceptance certificates. Further, the Hospital did not prepare the aging analysis of the account payables to determine the authenticity of the trade and other payables balance.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.741,986 could not be confirmed.

12. Unsupported Capital Fund Balance

The statement of changes in net assets reflects capital fund balance of Kshs.37,505,425. The amount includes a balance Kshs.43,324,794 for the year which was not supported. Further, the nature and break down of this capital/development grants have not been provided for audit verification.

In the circumstances, the accuracy and completeness of the capital fund balance of Kshs.37,505,425 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget revenue and actual on comparable basis amounts of Kshs.7,501,194 and Kshs.6,974,648 respectively resulting to an underfunding of Kshs.526,526 or 7% of the budget. Further, the statement reflects that the Hospital spent an amount of Kshs.6,282,750 against the actual receipts of Kshs.6,974,648 resulting in an under absorption of Kshs.691,898 or 10% of actual receipts.

The under collection and under absorption affected the Hospital's planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in the financial year 2024/2025 revealed that several matters remained unresolved as detailed in **Appendix 1**.

Other Information

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters described in the in the Basis for

Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Template

The annual report and financial statements for the Hospital did not comply with the annual International Public Sector Accounting Standards (Accrual Basis) template revised on 30 June, 2025. This was contrary to Section 164 (3) Public Finance Management Act, 2012 which provides that the Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards board from time to time.

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

2. Failure to Prepare Procurement Plan and Appoint Contract Management Committee

The statement of financial performance reflects a total expenditure of Kshs.6,855,566 in relation to medical/clinical costs, repairs and maintenance and general expenses. The expenditure was incurred toward procurement of various items for the Hospital for the year under review.

However, the Management did not provide the procurement plan that was used to guide on the procurement method to be used for each item procured. Further, tender documents such as advertisements, quotations, bid documents, evaluation minutes, professional opinion and award minutes were not provided for audit. This is contrary to Regulation 40 (1) of the Public Procurement and Assets Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

In addition, there was no appointment letters for the contracts management team that should have been put in place to ensure that the contracts entered into by the Hospital were delivered as per contract terms. This is contrary to Regulation 138 of the Public Procurement and Assets Disposal Regulations, 2020 which provides the requirements for a contract implementation team.

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

3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of 439 or 84.2 % of the authorized establishment.

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

Services Offered	Requirement for Level 4 Hospitals	No. and Available Services in the Hospital	Variance	Percentage (%)	Status
Surgical	Should be in place	0		100%	Not functional
Pediatric	Should be in place	0		100%	Not functional
Renal Dialysis	Should be in place	0		100%	Not functional
Advanced Life Support	Should be in place	0		100%	Not functional
Laboratory Services of Lab Class D	5 acres	1 (< 5 acres)	4 acres	80%	Limited expansion
Beds	150	30	120	80%	Functional
Newborn Unit Incubators and Five Cots	5	1	4	80%	Functional
Newborn Unit Cots	5	0	5	100%	Not functional
Functional Intensive Care Unit (Beds)	6	0	6	100%	Not functional
High Dependency Unit (Beds)	6	0	6	100%	Not functional
Renal Unit (with at least 5 dialysis machines)	5	0	5	100%	Not functional
Two Functional Operating Theaters (Maternity and General)	2	1 (Maternity)	1	50%	Functional

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

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

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

Review of County revenue records for level 4 and 5 hospitals revealed Soin Sub County Level 4 Hospital collected an amount of Kshs.6,032,116 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.6,032,116 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.6,974,648 as having been received from the FIF account resulting in an unexplained over disbursed amount of Kshs.942,533. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters described in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective .

Basis for Conclusion

1. Operation of the Board of Management

The statement of financial performance reflects board expenses amount of Kshs.205,000 as disclosed in Note 17 to the financial statements. Review of Board documents and records revealed that all the Board members were not issued with appointment letters. Further, the Board members did not signify their acceptance for the position by signing an acceptance form. In addition, the Board operates without a work plan, a calendar and a Board charter. There are no Board committees in place including the audit committee and none of the Board members is a member of a professional body. The board is composed of five (5) members. However, four (4) of the members are from the same ethnic community contrary to the law.

In the circumstances, the Hospital may not be benefiting from effective oversight by the Board of Management.

2. Lack of Internal Audit Function and Audit Committee

Review of the Hospital's operations revealed that the Hospital had not established an internal audit function and audit committee. Further, the facility did not have any internal audit arrangements in place for the period under review. In addition, Management failed to rely on the internal audit department of the County Executive since there was no evidence to indicate that the Hospital had been audited by internal audit department from the County Executive.

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

3. Weak Information Communication Technology (ICT) Internal Control Environment

Review of records provided for audit and verification the IT systems and structures, revealed that there was no approved ICT Policy, approved IT Strategic committee, risk management policy, a strategic and a recovery plan. Further, there were also no formal and documented emergency procedures and IT continuity plan. In addition, Management has not implemented ICT asset management policies despite continuous use of ICT equipment including laptops and desktop computers.

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

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

Responsibilities of Management and 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

02 December, 2025

Report of the Auditor-General on Soin Sub County Level 4 Hospital for the year ended 30 June, 2025- County Government of Nakuru

Appendix 1 - Unresolved Prior Year Matters

No.	Financial Year	Issues
1	2023-2024	Inaccuracies in the Financial Statements
2	2023-2024	Unconfirmed In-kind Contributions from the County Government – Medical Supplies
3	2023-2024	Unsupported Rendering of Services – Medical Service Income
4	2023-2024	Unsupported Employee Costs
5	2023-2024	Unsupported Medical or Clinical Costs
6	2023-2024	Variances in the Receivables from Exchange Transactions
7	2023-2024	Unsupported Inventories Balance
8	2023-2024	Non-Disclosure of Property, Plant and Equipment
9	2023-2024	Irregular Engagement of Casual Workers
10	2023-2024	Unconfirmed Healthcare Workers Allowances
11	2023-2024	Failure to Transfer Revenue to the County Revenue Fund Account
12	2023-2024	Lack of a Procurement Function
13	2023-2024	Failure to Prepare Monthly Bank Reconciliation Statements
14	2023-2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
15	2023-2024	Lack of an Audit Committee and Operationalization of Internal Audit Function
15	2023-2024	Lack of a Risk Management Policy
16	2023-2024	Poor Information Communication Technology Internal Control Environment

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

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

Description	Note	Insert Current	Insert Comparative
		FY Kshs	FY Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	50,973,847.00	76,903,011.00
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		50,973,847.00	76,903,011.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	13,828,315.00	1,282,945.75
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		13,828,315.00	1,282,945.75
Total revenue		64,802,162.00	78,185,956.62
Expenses			
Medical/Clinical costs	15	3,777,824.00	463,445.00
Employee costs	16	50,264,664.00	64,983,010.87
Board of Management Expenses	17	205,000.00	86,000.00
Depreciation and amortization expense	18	910,494.00	0
Repairs and maintenance	19	192,968.00	318,000.00
Grants and subsidies	20	0	0
General expenses	21	2,884,774.00	1,772,889.00
Finance costs	22	0	0
Total expenses		58,235,724.00	67,623,344.87
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0

Soin Hospital (Nakuru County Government)

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

Description	Note	Insert Current	Insert Comparative
		FY Kshs	FY Kshs
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total othergains/(losses)		0	0
Net Surplus /(Deficit)for the year		6,566,438.00	10,562,611.75


The Hospital's financial statements were approved by the Board on 25/6/25 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 26826



.....
Medical Superintendent

Soin Hospital (Nakuru County Government)

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

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


Description	Note	Insert	Insert
		Current FY	Comparative FY
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,775,308	1,282,945.75
Prepayments	28	0.00	
Receivables from exchange transactions	29	12,249,397	2,790,000.00
Receivables from non-exchange transactions	30	0	0
Inventories	31	927,250	670,272
Total Current Assets		15,951,955	4,743,240.75
Non-current assets			
Property, plant, and equipment	32	39,424,506	1
Intangible assets	33	0	1
Investment property	34	0	1
Biological Assets	35		
Total Non-current Assets		39,424,506	1
Total assets (A)		55,376,461	4,743,240.7
Liabilities			
Current liabilities			
Trade and other payables	36	741,986.00	0
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		741,986.00	0
Non-current liabilities			
Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0
Non - Current portion of borrowings	41	0	0

Soin Hospital (Nakuru County Government)

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

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Service concession Arrangements	42	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		741,986.00	0
Net assets (A-B)		54,634,475	4,743,240.7
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		17,129,050	10,562,611.75
Capital Fund		37,505,425	(5,819,369.00)
Net Assets		54,634,475	4,743,242.75

The Hospital's financial statements were approved by the Board on 25/8/25 and signed on its behalf by:



.....
Chairman. Symon molok
Board of Management



.....
Head of Finance
ICPAK No: 26826



.....
Irene Jelagat Koech
Medical Superintendent

Soin Hospital (Nakuru County Government)

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

14. 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	-		-	
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	10,562,612	-	10,562,612
Capital/Development grants	-	-	(5,819,369)	(5,819,369)
As at June 30, 2024		10,562,612	(5,819,369)	4,743,243
At July 1, 2024	-	10,562,612	(5,819,369)	4,743,243
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	6,566,438	-	6,566,438
Capital/Development grants	-	-	43,324,794	43,324,794
At June 30, 2025	-	17,129,050	37,505,425	54,634,475

Soin Hospital (Nakuru County Government)

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

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

Description	Note	FY24/25	FY23/24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		6,974,648.00	1,282,945.75
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts (<i>specify</i>)		0	0
Total Receipts		6,974,648.00	1,282,945.75
Payments			
Medical/Clinical costs		1,754,400.00	463,445.00
Employee costs		1,244,032.00	1,080,000.00
Board of Management Expenses		205,000.00	86,000
Repairs and maintenance		154,968.00	0
Grants and subsidies		0	0
General expenses		2,924,350.00	1,772,889.00
Finance costs		0	0
Refunds paid out		0	0
Total Payments		6,282,750.00	(2,437,388.25)
Net cash flows from operating activities	43	691,898.00	1,154,442.50
Cash flows from investing activities			
Purchase of property, plant, equipment		(65,500.00)	0
Purchase of intangible assets		0	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		(65,500.00)	0
Cash flows from financing activities		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0

Soin Hospital (Nakuru County Government)

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

Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		626,398	0
Cash and cash equivalents as at 1 July	27	2,148,910	2,148,910.45
Cash and cash equivalents as at 30 June	27	2,775,308	2,148,910.45

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	0	0	0	0	0	%
Transfers from other Government entities	0	0	0	0	0	%
Public contributions and donations	0	0	0	0	0	%
Rendering of services- Medical Service Income	5,920,995.00	1,580,239.00	7,501,194.0	6,974,648.00	526,546.00	95%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Miscellaneous receipts (<i>specify</i>)	0	0	0	0	0	%
Total receipts	5,920,995.00.	1,580,239.00	7,501,194.0.	6,974,648.00	526,546.00	95%
Payments						
Medical/Clinical costs	1,283,843.00	470,579.00	1,754,422.00	1,754,400.00	549,609.00	100%
Employee costs	1,382,656.00	348,864.00	1,731,520.00	1,244,032.00	487,488.00	72%
Remuneration of directors	220,000.00	55,000.00	275,000.00	205,000.00	70,000.00	75%
Repairs and maintenance	162,741.00	49,186.00	211,927.00	154,968.00	56,959.00	73%
Grants and subsidies	0	0	0.00	0	0.00	%
General expenses	2,705,786.00	601,286.00	3,307,072.00	2,924,350.00	649,648.00	88%
Finance costs	0	0	0.00	0	0.00	0%
Refunds	0	0	0.00	0	0.00	0%

Soin Hospital (Nakuru County Government)

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

Total Operational Expenditure paid	5,755,026.00	1,524,915.00	7,279,941.00	6,282,750.00	1,813,704.00	86%
Capital Expenditure paid	165,969.00	55,324.00	221,293.00	65,500.00	155,793.00	30%
Surplus	0.00	0.00	0	626,398.00	-626,398.00	0%

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	626,398.00
1	Opening balance cash and cash equivalents as at 1 st July FY 2024/2025.	2,148,910.00
2	Reason for differences	0.00
3	Reason for differences	0.00
4	Reason for differences	0.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,775,308.00

17. Notes to the Financial Statements

1. General Information

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the xxx County Government and is domiciled in xxx County in Kenya. The entity's principal activity is to offer medical services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of 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 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no impact on hospitals financial statements.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard has no impact on hospitals financial statements.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>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> <p>The management is in the process of accessing the impact on financial statements.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard has no impact on hospitals financial statements.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard has no impact on hospitals financial statements.</p>
<p>IPSAS 48-</p>	<p><i>Applicable 1st January 2026</i></p>

Standard	Effective date and impact:
Transfer Expenses	<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> <p>The standard has no impact on hospitals financial statements.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st 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> <p>The standard has no impact on hospitals financial statements.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st 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> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The standard has no impact on hospitals financial statements.</p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on the 1st quarter FY 2024/2025. 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.

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY24/25	FY23/24
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants(<i>specify</i>)	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY24/25	FY23/24
	KShs	KShs
Salaries and wages	49,328,472.00	63,903,010.87
Medical supplies-Drawings Rights (KEMSA)	1,645,375.00	13,000,000.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
Total grants in kind	50,973,847.00	76,903,010.87

8. Grants From Donors and Development Partners

Description	FY24/25	FY23/24
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY24/25	FY23/24
	KShs	KShs
Transfer from National Government (Ministry of Health)	0.00	0.00
Transfer from xxx National Hospital	0.00	0.00
Transfer from xxx Institute	0.00	0.00
Total Transfers	0.00	0.00

10. Public Contributions and Donations

Description	FY24/25	FY23/24
	KShs	KShs
Public donations	0.00	0.00
Donations from local leadership	0.00	0.00
Donations from religious institutions	0.00	0.00
Donations from other international organisations and individuals	0.00	0.00
Other donations(<i>specify</i>)	0.00	0.00
Donations in kind-amortised	0.00	0.00
Total donations and sponsorships	0.00	0.00

10 (a) Reconciliations of amortised grants

Description	FY24/25	FY23/24
	Kshs	Kshs
Balance unspent at beginning of year	0.00	0.00
Current year receipts	0.00	0.00
Amortised and transferred to revenue	0.00	0.00
Conditions to be met – remain liabilities	0.00	0.00

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY24/25	FY23/24
	Kshs	Kshs
Pharmaceuticals	760,405.00	360,365.00
Non-Pharmaceuticals	0	88,000
Laboratory	324,000.00	247,645.00
Radiology	72,600.00	88,000.00
Medical examination	117,000.00	0
Registration	453,250.00	0
Family planning	16,100.00	0
Minor procedure	188,267.00	0
Records keeping	21,200.00	0
In patient	412,353.00	0
Cancer centre service	0	0
Dental services	212,600.00	82,000.00
Hospital waste	2000.00	0
Paediatrics services	0	360,365.00
Farewellhome services	0	0
Ambulance services	0	11,500.00
Other medical servicesincome(SHA)	11,248,540.00	45,070.75
Totalrevenuefromtherenderingofservices	13,828,315.00	1,282,945.75

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY24/25	FY23/24
	Kshs	Kshs
Residential property	0.00	0.00
Commercial property	0.00	0.00
Total Revenue from rent of facilities	0.00	0.00

13. Finance /Interest Income

Description	FY24/25	FY23/24
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0.00	0.00
Interest income from short- term/ current deposits	0.00	0.00
Interest income from Treasury Bills	0.00	0.00
Interest income from Treasury Bonds	0.00	0.00
Interest from outstanding debtors	0.00	0.00
Total finance income	0.00	0.00

14. Miscellaneous Income

Description	FY24/25	FY23/24
	KShs	KShs
Insurance recoveries	0.00	0.00
Income from sale of tender	0.00	0.00
Services concession income	0.00	0.00
Sale of goods (water, publications, containers etc)	0.00	0.00
Write backs (Deposits, payments in advance etc)	0.00	0.00
Bad debts recovered	0.00	0.00
<i>Others (Specify)</i>	0.00	0.00
Total Miscellaneous income	0.00	0.00

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY24/25	FY23/24
	Kshs	Kshs
Dental costs/ materials	-	0
Laboratory chemicals and reagents	601,828.00	251,834.00
Public health activities	-	0
Food and Ration	804,054.00	54,200.00.00
Uniform, clothing, and linen	28,126.00	0
Dressing and non-pharmaceuticals	127,157.00	47,000.00
Pharmaceutical supplies	184,438.00	0
Health information stationery	-	40,000.00
Reproductive health materials	-	0
Sanitary and cleansing Materials	251,846.00	0
Purchase of Medical gases	135,000.00	0
X-Ray/Radiology supplies	-	29,435.00
Other medical related clinical costs(Kemsa)	1,645,375.00	40,976.00
Total medical/ clinical costs	3,777,824.00	463,445.00

16. Employee Costs

Description	FY24/25	FY23/24
	Kshs	Kshs
Salaries, wages, and allowances	49,328,472.00	64,983,010.87
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>) Hospital	1,244,032.00	0
Employee costs	50,572,504.00	64,983,010.87

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY24/25	FY23/24
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	205,000	86,000
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	205,000	86,000

18. Depreciation and Amortization Expense

Description	FY24/25	FY23/24
	Kshs	Kshs
Property, plant and equipment	910,494.00	0
Intangible assets		0
Investment property carried at cost	0	0
Total depreciation and amortization	910,494.00	0

19. Repairs And Maintenance

Description	FY24/25	FY23/24
	Kshs	Kshs
Property- Buildings	46,032.00	318,000.00
Medical equipment	11,250.00	0
Plant and machinery	88,000.00	0
Furniture and fittings	0	0
Computers and accessories	22,186.00	0
Motor vehicle expenses	25,500.00	0
Maintenance of civil works	0	0
Total repairs and maintenance	211,968	318,000.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY24/25	FY23/24
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	FY24/25	FY23/24
	Kshs	Kshs
Advertising and publicity expenses	246,000.00	0
Catering expenses	135,000	192,155.00
Waste management expenses	0	0
Insecticides and rodenticides	29,625.00	0
Audit fees	0	0
Bank charges	39,852.00	7,118.00
Conferences and delegations		0
Consultancy fees	0	277,548.00
Contracted services	47,100.00	0
Electricity expenses	366,709.00	434,760.00
Fuel and Lubricants	0	18,000.00
Insurance		
Research and development expenses	0	0
Travel and accommodation allowance	111,500.00	0
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	100,125.00	0
Printing and stationery	224,500.00	216,548.00
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	102,000.00	434,760.00

Description	FY24/25	FY23/24
	Kshs	Kshs
Skills development levies	0	0
Telephone and mobile phone services	35,500.00	60,000.00
Internet expenses	78,750.00	82,000.00
Staff training and development	1,362,113.00	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
TotalGeneralExpenses	2,884,774.00	0

22. Finance Costs

Description	FY24/25	FY23/24
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Totalfinancecosts	0	0

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

Description	FY24/25	FY23/24
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	FY24/25	FY23/24
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY24/25	FY23/24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
TotalGain/Loss	0	0

26. Impairment Loss

Description	FY24/25	FY23/24
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Totalimpairmentloss	0	0

27. Cash And Cash Equivalents

Description	FY24/25	FY23/24
	KShs	KShs
Current accounts	2,148,910.	1,282,945.75
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Totalcashandcashequivalents	2,148,910.	1,282,945.75

Notes to the Financial Statements (Continued)

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

Description		Insert Current FY	Insert Comparative FY
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1123238864	2,148,910.45	1,282,945.75
Equity Bank, etc		0	0
Sub- total		0	0
b) On - call deposits			0
Kenya Commercial bank		0	0
Equity Bank –etc		0	0
Sub- total		0	0
c) Fixed deposits account			0
Bank Name		0	0
Sub- total		0	0
d) Others(specify)		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
			0
Grand total		2,148,910.45	1,282,945.75

28. Prepayments

Description	FY23/24	FY24/25
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

29. Receivables From Exchange Transactions

Description	FY24/25	FY23/24
	KShs	KShs
Medical services receivables	12,249,397.00	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Totalreceivables	12,249,397.00	0

Analysis of Receivables From Exchange Transactions

Description	FY24/25		FY24/25	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	12,249,397.00	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	12,249,397.00	%	0	%

30. Receivables From Non-Exchange Transactions

Description	FY24/25	FY23/24
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	0	0

Analysis of Receivables From Non-Exchange Transactions

Description	FY24/25		FY23/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	12,249,397.00	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	12,249,397.00	%	0	%

31. Inventories

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Pharmaceutical supplies	759,250	670,295
Dental supply	34965	0
Food supplies	100,000	0
Linen and clothing supplies	0	0
Cleaning materials supplies	10,000	0
General supplies	3,000	0
Less: provision for impairment of stocks	(0)	(0)
Total	927,250	670,295

Detailed disclosure on inventories

	FY24/25	FY23/24
Opening balance	670,295.00	0.00
Additional Inventory in the year	4,034,779.00	0.00
Inventory expensed in the year	(3,777,824.00)	0.00
Write-downs in the year	0.00	0.00
Others specify	0.00	0.00
Closing balance	927,250.00	670,295.00

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023									
Additions	-	-	-	300,000.00	365,000.00	2,670,000.00	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	17,337,786.92	19,662,213.08	-	-	-	-	-	17,337,786.92	19,662,213.08
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
	17,337,786.92	19,662,213.08	-	300,000.00	365,000.00	2,670,000.00	-	17,337,786.92	19,662,213.08
At 1 July 2024(current year)									
Additions	17,337,786.92	19,662,213.08	-	300,000.00	365,000.00	2,670,000.00	-	17,337,786.92	19,662,213.08
Disposals	-	-	-	-	-	-	-	-	-

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment	17,337,786.92	19,662,213.08	-	300,000.00	365,000	2,670,000.00	-	17,337,786.92	19,662,213.08
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year		393,244.26		37,500.00	146,000.00	333,750.00	-	0.00	393,244.26
Disposals									
Impairment		-	-	-	-	-	-		-
At 30 June 2025		-	-	-	-	-	-		-
At July 2025 (current year)	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-		-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-		-
Transfer/adjustment		-	-	-	-	-	-		-
At 30th June 2025		-	-	-	-	-	-		-

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	-	393,244.26	-	37,500	146,000.00	333,750.00	-	-	393,244.26
Net book values									
At 30 th Jun 2024 (previous)	17,337,786.92	19,268,968.82	-	262,500.00	219,000.00	2,336,250.00	-	17,337,786.92	19,268,968.82
At 30 th Jun 2025 (current)	17,337,787.00	19,786,219.00	-	225,000.00	73,000.00	2,002,500.00	-	-	39,424,506.00

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY24/25	FY23/24
	KShs	KShs
Cost		
At beginning of the year	00	00
Additions	00	00
Additions–Internal development	00	00
Disposal	00	00
At end of the year	00	00
Amortization and impairment		
At beginning of the year	00	00
Amortization for the period	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	00	00

34. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	00	00
Additions	00	00
Disposals during the year	00	00
Fair value gain	00	00
Depreciation (<i>where investment property is at cost</i>)	00	00
Impairment	00	00
At end of the year	00	00

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00

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Total	00	00
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36. Trade and other Payables

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Trade payables	741,986.00		0	
Employee dues	0		0	
Third-party payments(e.g.unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Totaltradeandotherpayables	741,986.00		0	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	741,986.00	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	741,986.00	%	0	%

37. Refundable Deposits from Customers/Patients

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
Totaldeposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	0	%	0	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	00	00	00	00
Additional Provisions	00	00	00	00
Provision utilised	00	00	00	00
Change due to discount & time value for money	00	00	00	00
Total provisions	00	00	00	00
	00	00	00	00
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
Total Provisions	00	00	00	00

39. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
Total	00	00

40. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
Total	00	00

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	00	00	00	00
Additions during the year	00	00	00	00
Transfers to Capital fund	00	00	00	00
Transfers to statement of financial performance	00	00	00	00
Other transfers (<i>Specify</i>)	00	00	00	00
Balance C/F	00	00	00	00

41. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	00	00
Repayments of domestic borrowings during the year	00	00
Balance at end of the period	00	00

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
Total	00	00

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	00	00
Net carrying amount	00	00
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	00	00
Service concession liability at end of the year	00	00

43. Cash Generated from Operations

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	6,566,438.00	0.00
Adjusted for:		0.00
Depreciation	910,494.00	0.00
Non-cash grants received	0.00	0.00
Impairment	0.00	0.00
Gains and losses on disposal of assets	0.00	0.00
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Working Capital adjustments		0.00
Increase in inventory	(0.00)	0.00
Increase in receivables	(7,527,020.00)	0.00
Increase in deferred income	0.00	0.00
Increase in payables	741,986.00	0.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	691,898.00	0.00

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2025 (current year)				
Receivables from exchange transactions	12,249,774	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	2,148,910	00	00	00
Total	14,398,684	00	00	00

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2025				
Trade payables	741,968.00	0.00	0.00	741,968.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	741,968.00	0.00	0.00	741,968.00

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
20XX (current year)			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	0.00
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0.00	0.00

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	0.00
Sales of services to xxx	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00

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Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	0.00	0.00
Compensation to the medical Sup	0.00	0.00
Compensation to key management	0.00	0.00
Total	0.00	0.00

46. Segment Information

The hospital does not have branches and hence no segmental reporting.

47. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case against the hospital	0.00	0.00
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

48. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	0.00	0.00
Authorised And Contracted For	0.00	0.00
Total	0.00	0.00

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

18. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>1. INACCURACIES IN THE FINANCIAL STATEMENTS</p> <p>The statement of financial performance erroneously indicated gain/loss on disposal of non-current assets amount of Kshs. 10,562,612 which should have been reflected as the net surplus for the year.</p> <p>The statement of financial performance reflects total revenue and expenditure amounts of Kshs, 78,185,957 and Kshs. 67,623,345 respectively. However, the statement of cashflows reflects amounts of Kshs. 1,282,946 and Kshs. 3,720,334 resulting to unexplained variances of Kshs. 70,903,011 and Kshs. 63,903,011 respectively. Further, the statement of comparison of budget and actual amounts reflects actual on comparable basis expenditure amount of Kshs. 3,720,334 resulting to unexplained variance of Kshs. 63,903,011.</p>	<p>We agree with the auditors' findings on the Inaccuracies in the financial statement and the variances that were noted. However, we restated the figures in the subsequent financial years to adjust account balances and financial statement items for all affected periods.</p>		

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	<p>The statement of cash flows reflects a net increase in cash and cash equivalents balance of Kshs. 266,786. However, the recomputed decrease in cash and cash equivalents amount is a Kshs. 2,437,388 resulting in an unexplained variance of Kshs. 2,704,175. Further, the statement reflects cash and cash equivalents balance of Kshs. 1,235,030. However, the statement of financial position indicates a figure of Kshs. 1,282,946 resulting in an unexplained variance of Kshs. 47,916. In addition, the statement reflects various balances which were not however matched to their corresponding Notes to the financial statements.</p> <p>The statement of comparison of budget and actual amounts reflects a total adjustment amount of Kshs. 7,979,267 which was not supported. Further, the statement of comparison of budget and actual amounts reflects original budget and final budget amount of Kshs. 7,979,267. However, the recomputed balance is Kshs. 78,185,957 resulting in an unexplained variance of Kshs. 70,206,690.</p> <p>The statement of financial position and the statement of changes in net assets reflect a negative capital fund balance of Kshs. 5,819,369 which was not supported with any verifiable evidence.</p> <p>Review of the financial statements revealed that there were variances in the opening balances between the financial statements and the previous year's audited financial statements as detailed in the table below;</p>	<p>A complete amended financial statement has been presented to the auditor general for review. This financial year been the last year of transition from cash basis to accrual, in future look forward for a relevant, comparable with minimal errors or zero errors.</p>		
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	<p>Further, review of records in relation to various expenditure components revealed that there were variances between the amounts disclosed in the financial statements and the supporting schedules as detailed in Appendix 1 attached.</p> <p>In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.</p>			
2.	<p>Unconfirmed In-kind Contributions from the County Government – Medical Supplies</p> <p>The statement of financial performance reflects in-kind contributions from the County Government amount of Kshs. 76,903,011 as disclosed in Note 7 to the financial statements. The amount includes a balance of Kshs. 13,000,000 in respect of medical supplies –drawing rights by Kenya Medical Supplies Authority (KEMSA). However, the amount has not been expensed in the clinical cost or included as additions in the property, plant and equipment balance. Further, the balance has not been included in the inventories balance of Kshs. 670,295. Failure to recognize the balance as an expenditure or asset may lead to misrepresentation of the financial statements.</p> <p>In the circumstances, the accuracy of the financial statements could not be confirmed.</p>	<p>The management acknowledges the auditors' findings on drawing rights by Kenya Medical Supplies Authority (KEMSA) from the County Government in respect of medical supplies amounting to Kshs.13, 000,000. The medical superintendent has initiated a follow up on the Authority to Incur Expenditure (AIE) for the in-kind contribution from the department for medical staffs and</p>		

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		<p>pharmaceuticals. The medical superintendent had engaged the county through the department of health requesting for a schedule to support the expenditure which was provided from the department.</p> <p>We also have the delivery notes of items as in-kind contribution which bear prices of pharmaceutical and non-pharmaceutical items donated to the hospital from the department of health, County government of Nakuru.</p> <p>We have attached the supporting schedules of the total expenditures for pharmaceuticals in</p>		
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		Appendix I		
3.	<p>UNSUPPORTED RENDERING OF SERVICES – MEDICAL SERVICE INCOME</p> <p>The statement of financial performance reflects an amount of Kshs. 1,282,946 in respect of rendering of services –medical service income as disclosed in Note 11 to the financial statements. However, Management did not provide the detailed schedules to support the balance. Further, review of the bank statements provided for audit verification revealed that the Hospital had total receipts of Kshs. 3,777,608 relating to the period 1 July, 2023 to 30 June, 2024 resulting to unexplained variance of Kshs. 2,494,662.</p> <p>Consequently, the accuracy and completeness of the RENDERING OF SERVICES – MEDICAL SERVICE INCOME amount of Kshs. 1,282,946 could not be confirmed.</p>	<p>The management acknowledges the auditors' findings on medical services Income. The supporting schedules amounting to Kshs. 1,282,946 have been provided for audit verification. Further, the necessary journals have been passed to correct a variance of Kshs. 2,494,662. The supporting documentations have been provided for audit verification</p>		
4.	<p>Unsupported Employee Costs</p> <p>The statement of financial performance reflects employee costs amounting to Kshs. 64,983,011 as disclosed in Note 16 to the financial statements. The amount includes balances of Kshs. 51,563,172 in respect of payment of salaries by the County Government and Kshs. 13,419,838 in relation to payments made to casual and contracted staff. However, the amount paid to casual and contracted staff was not supported by detailed</p>	<p>The management acknowledges the auditors' findings on employee cost. The detailed ledger regarding to payments of casual and contracted staff amounting to Kshs.</p>		

	<p>ledgers and payment vouchers.</p> <p>In the circumstances, the accuracy and completeness of casual and contracted employee costs amounting to Kshs. 13,419,838 could not be confirmed.</p>	<p>13,419,838 have been provided for audit verification. Further are scanned copies of the payment vouchers and bank statements supporting the payments.</p>		
5.	<p>Unsupported Medical or Clinical Costs</p> <p>The statement of financial performance and Note 15 to the financial statements reflect an amount of Kshs. 463,445 in respect of medical or clinical costs. The balance includes amounts of Kshs. 29,435 and Kshs. 40,976 in relation to X-Ray/Radiology supplies and other medical related clinical costs respectively, all totaling Kshs. 70,411. However, there were no supporting schedules provided for the latter amount.</p> <p>In the circumstances, the accuracy and completeness of medical or clinical costs amounting to Kshs. 70,411 could not be confirmed.</p>	<p>The management acknowledges the auditors' findings on clinical cost. The supporting schedules amounting to Kshs. 70,411. have been provided for audit verification. Further general ledgers, scanned copies of the payment vouchers relating to X-Ray/Radiology supplies other medical related clinical costs have been provided in</p>		
6.	<p>VARIANCES IN THE RECEIVABLES FROM EXCHANGE TRANSACTIONS</p>	<p>The management acknowledges that there are long-</p>		

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<p>The statement of financial position reflects receivables from exchange transactions balance of Kshs. 2,790,000. However, the corresponding Note 28 to the financial statements reflects a Nil balance resulting in an unexplained variance of Kshs. 2,790,000. Review of the supporting ledgers provided for audit revealed that the amount owed by National Health Insurance Fund (NHIF) to the Hospital was Kshs. 1,577,180 resulting to an unexplained variance of Kshs. 1,212,820. Further, the amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicated a Nil balance resulting to an unexplained variance of Kshs. 2,790,000.</p> <p>In addition, the amount has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within thirty (30) days of submission.</p> <p>In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs. 2,790,000 could not be confirmed.</p>	<p>outstanding NHIF receivables. Despite multiple reminders, calls, and visits to NHIF, these amounts remain unsettled. We have also engaged the county leadership on this matter, as these outstanding receivables have significantly hampered service delivery. We will continue consultations with NHIF to seek an amicable resolution.</p> <p>Further the corresponding Note 28 to the financial statements has been rectified to reflect a of Kshs. 2,790,000. National Health Insurance Fund (NHIF) supporting ledgers have been provided for audit</p>		
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		verification to rectify a variance of Kshs. 1,212,820. The necessary amendments have been made to the financial statements.		
7.	<p>Unsupported Inventories Balance</p> <p>The statement of financial position reflects inventories balance of Kshs. 670,295 as disclosed in Note 30 to the financial statements. However, the inventories records such as the stock reconciliation indicating the opening stock, quantities received, issues, damages and expiries to arrive at the closing stock quantities for each of the commodities was not provided for audit verification. In addition, there was no evidence of conducting annual stock take to confirm the closing balances of inventories.</p> <p>In the circumstances, the accuracy and completeness of inventory balance of Kshs.670,295 could not be confirmed</p>	<p>The management wishes to clarify that a stock-taking exercise was conducted during the year under review, and the stock take report, confirming the quantities and value of the closing balances, was provided for audit review. We can confirm that the actual inventory balance was Ksh. 670,295, as disclosed in Note 30. The relevant supporting documents are attached for audit verification.</p>		

8.	<p>NON-DISCLOSURE OF PROPERTY, PLANT AND EQUIPMENT</p> <p>The statement of financial position reflects a Nil balance in respect of property, plant and equipment. However, physical verification carried out in December, 2024 revealed that the Hospital owns assets including land and buildings, motor vehicles, computers and accessories, furniture and fittings, hospital linen and biomedical equipment. The assets with an undetermined value have not been included in the books of account of the Hospital as required. It was also observed that the hospital did not maintain a fixed asset register indicating asset name, tag number and specific asset location. It was therefore difficult to identify specific assets for physical verification.</p> <p>Further, no valuation report was provided for the existing assets with limited time remaining to the end of transition to accrual basis of accounting which requires full disclosure of assets.</p> <p>In addition, the hospital has not obtained a title deed for the land it occupies even though it is fenced off from encroachment.</p> <p>In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant and equipment balance</p>	<p>We agree with the auditors' findings on the unsupported transfers amounting to Kshs. 102,062,326. The hospital is in the process of following up on valuation of its assets to get the correct face value of the assets. An engagement with the department yielded a positive feedback and we are looking forward for a comprehensive report to enable us come up with the register, ownership and transfer notes of the same assets.</p> <p>However, we have our own self-made</p>		

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	could not be confirmed	asset register that is in use.		
	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not provided any explanation on how the issues were resolved or disclosed them in the financial statements as required by the recommended reporting template</p>	<p>The management agrees with the auditors' findings regarding the unresolved prior-year matters. We wish to clarify that the management appeared before the County Assembly Committee and presented responses addressing the issues raised. We are currently awaiting the committee's report on the matter</p>		
1.	<p>Basis for Conclusion</p> <p>Irregular Engagement of Casual Workers</p> <p>The statement of financial performance reflects employee costs amount of Kshs. 64,983,011 as disclosed in Note 16 to the financial statements. The amount includes a balance of Kshs. 13,419,838 in relation to payments made to casual and</p>	<p>The management acknowledges the auditors' findings regarding casual workers being employed for over three months. However, due to a</p>		

	<p>contracted staff. Review of records revealed that Management engaged casual workers for more than three months. This is contrary to Section 37(1) (b) of the Employment Act, 2007 which stipulates that casual employment should be converted to a term contract where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more; and the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>shortage of technical staff, training these workers in critical areas across various fields requires Significant time and resources. This challenge has made full compliance with the Employment Act difficult.</p> <p>To address this, the management will engage with the County Public Service Board through the department to transition casual workers - to term contracts Employment. Further muster roll has been made part of payroll payment documents, this will ensure that the same is readily available for verification.</p>		
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		<p>The hospital management will engage the county finance team on how well to Share information and payroll of the said staff without breach of confidentiality. We have attached the supporting schedules of the total expenditures for both County health employees and casual employees.</p>		
<p>2.</p>	<p>UNCONFIRMED HEALTHCARE WORKERS ALLOWANCES</p> <p>The statement of financial performance reflects employee costs totalling Kshs. 64,983,011. Review of records revealed that the hospital has various healthcare workers working for the Hospital and who are paid by the County Government. However, the payroll indicating the details of the employees and the salaries paid has not been provided. In addition, collective bargaining agreements between the County and various healthcare workers were also not provided. In the circumstances, the salaries and allowances which were paid according to the various collective bargaining agreements</p>	<p>The hospital management has engage the county department of health and finance team on how well to Share information and payroll of the said staff without breach of confidentiality. We have attached the supporting schedules</p>		

	could not be confirmed.	of the total expenditures for both County health employees and casual employees.		
3.	<p>FAILURE TO TRANSFER REVENUE TO THE COUNTY REVENUE FUND ACCOUNT</p> <p>The statement of financial performance reflects rendering services- medical services income amount of Kshs. 1,282,946 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1) to (3) of the Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.</p> <p>In the circumstances, Management was in breach of the law.</p>	The county has already put measures across and the revenue is now being remitted into County Revenue Fund in a special account. The reflection will be featured in the next financial year 2024/2025. We have rectified the lapse on our side and we are looking forward for a smooth transition as we do service delivery		
4.	<p>Lack of a Procurement Function</p> <p>During the year under review, the Hospital did not have a procurement function headed and staffed by procurement officials. This is contrary to Regulation 24(1) of the Public Procurement And Asset Disposal Regulations, 2020 which</p>	The hospital management has a detailed procurement plan that runs for the whole financial year.		

	<p>states that for the purpose of section 45 of the Act and for a procuring entity to be able to make corporate decisions and for purposes of internal controls, the procuring entity shall have segregated responsibilities including the following minimum requirements - an Accounting Officer; a procurement function headed and staffed by procurement professionals; establishment of all relevant committees under section 44(2) (b) of the Act and adherence to section 44(2) (h) of the Act (d) a vote where the budget is approved by National Assembly or a County Assembly or by a governing body of a public entity.</p> <p>In the circumstances, Management was in breach of the law</p>			
<p>5.</p>	<p>Failure to Prepare Monthly Bank Reconciliation Statements</p> <p>The statement of financial position reflects cash and cash equivalents balance of Kshs. 1,282,946 as disclosed in Note 27 of the financial statements. However, the management did not prepare monthly bank reconciliations statements to confirm the balance held in the account. This is contrary to Regulation 90 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General.</p> <p>In the circumstances, Management was in breach of the regulations</p>	<p>We agree on the auditor's findings and a complete full year's bank reconciliation has been done.</p>		

<p>6.</p>		<p>management agrees with the auditors' findings and wishes to clarify that the County Government of Nakuru holds the mandate to equip the hospital and hire staff to the required capacity, ensuring the provision of optimal healthcare standards. This is crucial for achieving the objectives of universal healthcare. The management will continue engaging the county government to facilitate the fulfilment of this mandate. Find attached gazette notice.</p>		
<p>1.</p>	<p>Basis for Conclusion</p> <p>Lack of an Audit Committee and Operationalization of Internal Audit Function</p> <p>The Hospital had not established an audit committee during the</p>	<p>We acknowledge that the facility currently lacks an internal audit committee. This is primarily due to understaffing and the</p>		

	<p>year under review. Further, the facility did not have any internal audit arrangements in place for the period under review. Management had also failed to rely on the internal audit department of the County Executive.</p> <p>In the circumstances, Management did not benefit from assurance in respect of the effectiveness of the Hospital's internal controls, risk management and governance.</p>	<p>absence of personnel with the requisite audit skills. Going forward, the management will engage the county government to explore the possibility of acquiring additional staff to oversee audit functions. Establishing an active audit committee will enhance oversight and provide necessary guidance to strengthen internal controls.</p>		
<p>2.</p>	<p>Lack of a Risk Management Policy</p> <p>The Hospital had not put in place a risk management policy, strategies and a risk register to mitigate against risk. This is contrary to Regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to 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</p>	<p>The management will work on customizing the County Government of Nakuru Risk Management Policy once it becomes available to aid in risk mitigation. It is important to note</p>		

	<p>operations.</p> <p>In the circumstances, the Hospital is exposed to possible loss of funds and interruption of business operations.</p>	<p>that the hospital management does not have the authority to develop policy documents, as this falls under the mandate of the Ministry of Health, as stipulated in the Constitution. Therefore, the facility continues to utilize policy Documents provided by the Ministry</p>		
<p>3.</p>	<p>Poor Information Communication Technology Internal Control Environment</p> <p>Review of records provided for audit and verification of the IT systems and structures revealed that there was no approved ICT Policy, approved IT Strategic committee, risk management policy, a strategic and a recovery plan. Further, there were also no formal and documented emergency procedures and IT continuity plan. In addition, Management has not also implemented ICT asset management policies despite continuous use of ICT equipment.</p> <p>In the circumstances, the security of Information Technology (IT) Internal Control environment within the Hospital could not</p>	<p>With the support of the County Government of Nakuru, the management is committed to implementing the listed recommendations. First, we will work towards establishing an additional IT Strategy Committee within the board to</p>		

	<p>be confirmed.</p>	<p>assist in developing an ICT policy and an IT strategic plan. Additionally, the management will request the employment of an IT personnel to support disaster recovery planning and ensure data backup at an off-site location. These measures aim to minimize errors, fraud, and potential data loss, thereby enhancing the facility's overall IT security and efficiency.</p>		
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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.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.

- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	NONE					
2						

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	NONE						
2							
3							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

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

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

