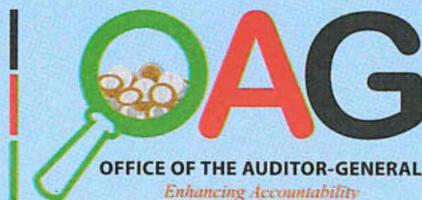


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**PUMWANI MATERNITY REFERRAL
HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2025**

NAIROBI CITY COUNTY GOVERNMENT



Pumwani Maternity Referral Hospital Level 5 Hospital (Nairobi City 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)**

**Pumwani Maternity Referral Hospital (Nairobi City County Government
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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
CEO	Chief Executive Officer
MED SUP	Medical Superintendent
HMIS	Health Management Information System
HMT	Hospital Management Team
TOR	Terms of Reference
SMC	Senior Management Course
NHIF	National Health Insurance Fund
CME	Continuing Medical Education
WIT	Work Improvement Teams
MPDSR	Maternal and Perinatal death Surveillance and Response
SHA	Social Health Authority
ESR	Erythrocyte Sedimentation Rate
CRP	C-reactive protein
UNICEF	United Nation International Children's Emergency Fund
KVA	Kilo-Volt- Amperes
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Pumwani Maternity Referral Hospital is a level 5 hospital established under gazette notice number 786 and is domiciled in Nairobi City County under the Health Wellness and Nutrition Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality maternal neonatal care to the public in an efficient and affordable manner

Vision

A centre of quality maternal, neonatal, and child health care.

Mission

Provide a client centred maternal and neonatal high quality health care through sustained evidence based medicine.

Core Values

Responsibility and accountability
Integrity
Respect and Compassion
Excellence
Team Work

(c) Key Management

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

- County Health Wellness and Nutrition sector
- Board of Management
- Chief Executive Officer
- Hospital Management Team

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(d) Fiduciary Management

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

No	Designation	Name
1.	Chief Executive Officer	Ms Kiteshuo E Christine
2.	Head of finance	CPA. James Kailemia
3.	Head of supply chain	Zachary Juma
4.	Head of Clinical Services	Chris Mugambi
5	Head of Nursing Services	Sarah Chege

(e) Fiduciary Oversight Arrangements

- Board of Management sub committees
- County Assembly
- Parliamentary committees
- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 42849-00100
General Waruingi Road
Eastleigh

(g) Entity Contacts

Telephone: (+254) 742 527904
E-mail: pumwanimaternityhospital@gmail.com

(h) Entity Bankers

National Bank Of Kenya
Harambee Avenue
Account Number -01021000895400

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(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 30075-00100
Nairobi, Kenya

3. The Board of Management

Ref	Directors	Details
1.	<p>Dr Mercy Mwangangi -Chairperson Board</p> 	<p>Health Economist and policy / Medical Doctor Age-38 Independent Board Member Chairperson -Board</p>
2.	<p>Evalyne Ikwii Omasaja</p> 	<p>Profession-Accountant -21 years Age - 45 Independent board member. Chairperson Finance and General Purpose</p>
3.	<p>Zahra Mohammed</p> 	<p>business Woman community women representative /Leader Age-42 Independent board member</p>
4.	<p>Ustadh Hassan Ali Amin</p>	<p>Religious leader- Imam</p>

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		<p>Muslim Scholar age-54 Independent Board Member Chairperson Risk and Audit Committee</p>
5.	<p>Said Motokaa</p> 	<p>BusinessMan - Youth Leader representative Age-36 Independent board Member Chairperson - Public Health Research and Training Committee</p>
6.	<p>Ali Joram Juma Mkwambaa</p> 	<p>Community engagement representative / Business man age- 47 Independent Board Member Vice chairperson of the board (Interim Board Chairperson)</p>
7.	<p>Kiteshuo Christine</p>	<p>Health strategist and clinical operations MBA -HCM Age-42 Board Secretary</p>

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	 A portrait photograph of a woman with short, dark hair, wearing a light-colored top with a floral pattern. The photo is centered within the middle cell of the table.	
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4. Key Management Team

Ref	Management	Details
1.	<p>Kiteshuo Christine Health strategist and clinical operations MBA-HCM</p> 	Chief Executive Officer
2.	<p>Dr. Dr. Chris Mugambi Consultant</p> 	Head of Clinical Services
3.	<p>Dr. Rose Githura Medical Officer</p> 	Deputy Head of Clinical Services
4.	<p>Mr Francis Githaiga Health Administrative Officer</p> 	Head of Administration
5.	<p>Ms Salome Mwaura</p>	Head of Biomedical Engineer

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	Biomedical Engineer 	
6.	Mr. Peter Kimani Medical Laboratory Technician 	Head of Laboratory
7.	Mr. Zachary Juma Supply Chain Management 	Head of Procurement
8.	Ms Sarah Chege Masters of Science in Advanced Practice Midwifery 	Head of Nursing
9.	Ms Josephine Oginjo 	Deputy Head of Nursing
10.	Ms Immaculate Wandaka Pharmacist	Head of Pharmacy

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11.	<p>CPA James Kailemia Certified Public Accountant of Kenya</p> 	Head Of Finance
12.	<p>Beatrice Marube Nutritionist</p> 	Head of Nutrition
13.	<p>Dr Muthoni Ogolla Paediatrician</p> 	Head of Paediatrician
14.	<p>Dr. Mandeep Sura Obstetric Gynaecologist</p>	Head of Obs/Gynae

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15.	<p>Ms. Nancy Ndirangu Physiotherapist</p> 	Head of Physiotherapy
17.	<p>Ms. Ann Kariuki Occupation Therapist</p> 	Head of Occupation therapy
18.	<p>Mr Peter Lugalia Health Administrator</p> 	Deputy Administrator
19.	<p>Ms. Ruth Asienwa Tailoring</p>	Head of Tailoring

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20.	<p>Ms. Esther Kamande Housekeeping</p> 	Head of Laundry
21.	<p>Ms Pamela Ngare Housekeeping</p> 	Head of Housekeeping
22.	<p>Ms. Maureen Mutheu Nursing</p> 	Head of CME
23.	<p>Mr. Denis Oduor Laboratory Technologist</p> 	Head Blood coordination

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24.	<p>Mr. Simon Kiptoo Information Technologist</p> 	Head of ICT
25.	<p>Mr. Wandera Oduori Electrician</p> 	Head of Electrical
26.	<p>Mr. John Wamwiri Civil Engineering</p> 	Head of Building
27.	<p>Ms. Eunice Njeru Catering</p> 	Head of Hospitality
28.	<p>Ms. Beatrice Vukutsa Public Health</p>	Head of Public Health

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29.	<p>Hyslop Kitaa Revenue Officer</p> 	Revenue Officer

5. Chairman's Statement

On behalf of the Board of Management of Pumwani Maternity Referral Hospital, I am pleased to present this statement for the financial year ended 30th June 2025. The year under review was both challenging and rewarding, marked by significant progress in service delivery, governance, and institutional reforms, despite resource and operational constraints.

Key Activities and Achievements

During the year, the hospital continued to strengthen its role as the leading maternal and neonatal referral facility in Nairobi County and beyond. Key highlights include:

- **Service Delivery:** The hospital recorded a steady increase in patient numbers, with improvements in obstetric, gynaecological, and neonatal care outcomes. Special focus was given to reducing maternal and neonatal mortality through enhanced emergency response protocols and expanded specialized units.
- **Infrastructure and Equipment:** Investments were made in upgrading critical infrastructure, including refurbishment of maternity wards, improved oxygen supply systems, and acquisition of modern diagnostic and neonatal care equipment.
- **Human Resource Development:** Training and capacity-building programs were rolled out for healthcare workers to strengthen clinical skills, leadership, and patient care management.
- **Partnerships and Collaborations:** The hospital strengthened collaborations with development partners, NGOs, and professional associations, leading to increased support for community outreach, research, and resource mobilization.
- **Governance and Accountability:** The Board of Management continued to ensure prudent use of resources, effective internal controls, and compliance with fiduciary and statutory requirements.

Challenges

The hospital also faced a number of challenges during the year:

- Inadequate budgetary allocation against growing patient demand.
- High patient volumes leading to pressure on existing facilities and staff.
- Shortages in specialized staff and occasional disruption of essential supplies.
- Emerging public health risks, including maternal health complications and neonatal conditions requiring specialized interventions.

Future Outlook

Looking ahead, the hospital remains committed to consolidating gains made while addressing emerging challenges. Priority will be placed on:

1. Expanding infrastructure and service capacity to meet growing demand.
2. Strengthening resource mobilization through partnerships and innovative financing models.
3. Enhancing staff welfare, training, and retention to ensure continuity in quality service delivery.
4. Deepening governance, accountability, and performance monitoring frameworks.
5. Investing in research, innovation, and technology to position the hospital as a centre of excellence in maternal and neonatal care.

The Board of Management is confident that with continued support from the Nairobi City County Government, partners, and the community, Pumwani Maternity Referral Hospital will further advance its mission to provide high-quality, affordable, and accessible healthcare services for mothers and children.

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Finally, I extend my sincere appreciation to the hospital management team, staff, partners, and stakeholders for their dedication and resilience throughout the year. Together, we will continue to strengthen the hospital's legacy as a trusted centre of maternal and neonatal health.

..... *Phumel. Erazyme Ikwill*

Name

g Chairperson to the Board

6. Report of The Chief Executive Officer

To the Board of Directors, our dedicated staff, valued partners, and the community we serve,

It is with a spirit of resilience and determination that I present this report on the activities and performance of Pumwani Maternity Hospital for the fiscal year 2024/2025. This period has been defined by our unwavering commitment to our mission of providing accessible, high-quality maternal and newborn healthcare, even as we navigated significant financial headwinds. This report expands upon the strategic overview provided by our Chairman, detailing our operational achievements and fiscal realities.

1. Clinical Excellence & Quality of Care

- As the largest maternity hospital in East Africa, our primary focus remains the safety and well-being of our mothers and newborns. This year, our clinical teams delivered exceptional care under often challenging circumstances.
- Service Volume: We recorded a total of 15,236 deliveries and 3,629 neonatal cases, a testament to the critical role we play in the national healthcare system. Each number represents a family served and a life touched.
- Strengthened Protocols: We intensified our focus on reducing post-partum complications through revised clinical guidelines and mandatory training for all nursing staff, contributing to improved patient outcomes.

2. Patient-Centered Experience

- Delivering care with dignity and compassion is at the heart of everything we do. We continued to invest in initiatives aimed at improving the patient journey through our facility.
- Community Outreach: Our community health workers conducted over 200 outreach sessions in Nairobi County, focusing on antenatal care education and encouraging facility-based deliveries.

3. Our People: A Culture of Resilience

I extend my deepest gratitude to our staff—doctors, nurses, clinical officers, support personnel, and administrators. Their dedication and compassion in the face of operational and financial constraints are the sole reason for our continued ability to serve.

- Professional Development: Despite budget limitations, we facilitated specialized training in emergency obstetric and newborn care (EmONC) for over 50 staff members, ensuring our team remains at the forefront of clinical best practices.

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- **Staff Wellness:** We introduced a series of wellness workshops focused on managing stress and preventing burnout, acknowledging the emotionally demanding nature of our work.

4. Operational and Financial Performance

This year, our financial performance has been a story of two contrasting narratives: robust operational activity and a critical challenge in revenue collection. Prudent financial management is paramount to our survival and mission.

- **Operational Scale:** Our activity, as measured by claims submitted to the National Hospital Insurance Fund (NHIF), was significant. We processed total claims worth KES 368,971,809 across both the traditional NHIF and the new Linda Mama program.
- **Revenue Collection Challenge:** The delay and discrepancy in reimbursement from NHIF represent the most significant challenge of our fiscal year. While we received reimbursements totaling KES 197,875,700, we are carrying forward a substantial balance of KES 171,096,109 in claims not paid. This includes KES 57,747,139 in outstanding SHIF claims and KES 113,348,970 in outstanding NHIF/Linda Mama claims from the previous financial year.
- **Impact and Mitigation:** This arrears position has placed immense strain on our operational budget, affecting our ability to procure essential supplies and medicines in a timely manner. Our finance department has undertaken aggressive follow-up and reconciliation efforts with NHIF to resolve these discrepancies. We have also implemented stricter internal controls on claim verification and submission to minimize errors and delays.

5. Community Commitment & Strategic Outlook

Our responsibility is to our patients, first and foremost. The Linda Mama program was an instrumental in providing free maternity services, and with the introduction of SHA, we remain committed to being a leading provider in maternity in Neonatal and mother health care under SHA.

As we look to FY 2025/2026, our strategic focus will be intensely practical:

1. **Financial Sustainability:** Resolving the longstanding and the current NHIF receivables issue is our absolute priority, not forgetting SHA for the concluded Financial Year. We will enhance our dedicated claims management team and engage in high-level discussions with SHA leadership to establish a clear payment plan and prevent future arrears.
2. **Operational Efficiency:** We will streamline internal processes to reduce costs without compromising patient care, focusing on supply chain management and energy efficiency.
3. **Continued Advocacy:** We will continue to advocate for timely and full reimbursement from our national insurers, emphasizing that the financial health of public hospitals is essential to the success of national health programs, that is, SHA.

In Conclusion,

The past year has underscored both the profound need for our services and the fragility of our operating model. The dedication of our staff has been nothing short of heroic. I extend my sincere gratitude to our medical team, our employees, and our Board for their steadfast leadership and support.

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We move forward with a clear-eyed view of our challenges and an unwavering commitment to our mission. We will work tirelessly to ensure Pumwani Maternity Hospital remains a beacon of hope and a center of excellence for mothers and babies for generations to come.

Kileshuo Christine Pius

Name
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Pumwani Maternity Referral Hospital has 6 strategic themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- Strategic Objective 1: Improved quality of care
- Strategic Objective 2: Improved Infrastructure
- Strategic Objective 3: Partnership & Collaboration
- Strategic Objective 4: Improve Finance Management
- Strategic Objective 5: Leadership and Governance
- Strategic Objective 6: Strengthen communication & ICT

Pumwani Maternity Referral Hospital develops its annual work plans based on the above 6 Strategic Objectives . Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Pumwani Maternity Referral Hospital achieved its performance targets set for the FY 2024/2025 period for its 7 strategic Objectives , as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Strategic objective 1-Improved quality of care	improve quality of care to mothers and neonates	1-Decrease maternal mortality and morbidity 2-Decrease the Neonatal deaths ratio	Purchase of equipment for neonatal support for management of birth asphyxia 2-Trainings and CMEs on management of mothers and neonates	1-Active WIT programmes in the hospital like Hypothermia and Documentation 2-Regular MPDSR Meetings for follow up of maternal deaths regular

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2-Improved Infrastructure	Improve quality of healthcare services and service delivery	1-Addition of critical services	1-Renovations 2-Purchase of plant and machinery 3- Prompt servicing of plant and machinery	Renovation of the Outpatient unit Building And equipping of the Dental Unit. Renovation of labour ward Renovation of Theatre.
3-Improve Finance Management	1-Strengthen finance managing system including budgeting and reporting 2-Strengthening committees responsible for monitoring the effectiveness and of resource utilisation	1-Increase revenue collection 2-Efficient procurement process 3-Trainings of clinical teams on procurement processes. strengthen	1-Cashless 2-Active waiver committee 3-Prompt submission of claims to SHA 4-having quarterly budgeting and revenue reporting meetings.	1-Increase revenue collection adequately 2-Capture all waivers done in the hospital 3-Increase in number of claims submitted to SHA.
4-Leadership and Governance	Strengthen HMT , Committees , capacity building of HMT and staff	i-Trainings ii-Regular meetings iii-Clear terms of reference for committees		1- Achieved a draft starctegic paper FY 2024-2029 2-Robust hospital committees 3-Increased Staff Motivation
5-Strengthen communication & ICT	Improve on HMIS improve on internal	A working HMIS system in	Installation of adequate IT	Infrastructure has been installed and Taifa Care

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		communication improve on internet connectivity	the hospital to support adequate service delivery.	infrastructure to support the HMIS	implemented as an HMIS system.
6-Partner Collaboration	&	Increase the number partners in the delivery of clinical and research services and resource mobilisation	1-Increase research activities in the facility. 2-Increase clinical mentorship and coaching centres of excellence	Develop new MOUs established new TORs for the	1. Engagements with Rotary, UNICEF, Safaricom Foundation and Nest 360.

Board and member performance

The board of Pumwani Maternity Referral Hospital has demonstrated strong leadership and commitment to enhancing maternal and neonatal healthcare.

Performance Evaluation

1. Governance Effectiveness

- **Meeting Frequency and Attendance:** The board met regularly, with attendance rates averaging 90%, indicating strong engagement and commitment among members.
- **Decision-Making Process:** Decisions were made collaboratively, with members actively participating in discussions, contributing their expertise, and considering diverse perspectives.

2. Strategic Contributions

- **Strategic Planning:** The board played a crucial role in the development and approval of the strategic plan for 2024-2029, focusing on financial sustainability, service expansion, and infrastructure improvement.
- **Policy Development:** Members contributed to the formulation of policies aimed at enhancing patient care, such as protocols for the introduction of new services in paediatrics and gynaecology.

3. Financial Oversight

- **Revenue Monitoring:** The board actively reviewed financial reports and worked to address challenges related to delayed reimbursements from NHIF and SHA.
- **Resource Allocation:** Effective discussions on budget allocations resulted in prioritising operations to enhance service delivery.

4. Quality of Care

- **Patient Outcomes:** The board has monitored key performance indicators related to patient outcomes, supporting initiatives that have led to a reduction in maternal and neonatal morbidity and mortality rates.
- **Community Engagement:** Members have participated in outreach events, strengthening ties with the community and enhancing the hospital's public profile.

Challenges Faced by the Board

- **Limited Human Resources:** The board recognized the challenges posed by staffing shortages, which impacted service delivery and patient care.
- **Financial Constraints:** Ongoing issues with delayed reimbursements required the board to seek innovative solutions to ensure financial stability.

9. Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) provides an overview of the operational and financial performance of Pumwani Maternity and Referral Hospital for the year ended 30 June 2025. The analysis is based on internal service statistics, revenue reports, reimbursement data, and departmental activity outputs. The objective is to give users of the financial statements a clear understanding of the hospital's service delivery achievements, financial outcomes, risks, and future outlook.

1. Clinical and Operational Performance

During the financial year under review, the Hospital continued to provide high-volume maternal, neonatal, and outpatient services while strengthening service quality and operational efficiency. A summary of major operational indicators based on the uploaded dataset is outlined below.

1.1 Admissions and Discharges

The Hospital handled substantial inpatient workload across maternity, obstetrics, neonatal units, and related wards.

- Admissions for FY 2024/25 totaled 16,278 patients.
- Discharges totaled 15,110 patients, demonstrating effective patient flow, clinical management, and reduced bed-blocking.

This trend reflects both the high demand for the Hospital's specialised services and improved turnaround time within inpatient units.

1.2 Outpatient and Clinic Attendance

The outpatient and specialised clinic units recorded high patient volumes, including:

- ❖ ANC and PNC services
- ❖ Child welfare clinics
- ❖ Specialist reviews
- ❖ Family planning services

The combination of maternal health clinics and general outpatient clinics continued to form a critical revenue and service delivery pillar for the facility.

1.3 Diagnostic Services (Lab and Imaging)

Diagnostic units recorded steady activity and contributed significantly to both clinical outcomes and internally generated revenue:

- ❖ Laboratory services generated Kshs 5.36 million
- ❖ Imaging services generated Kshs 10.69 million

These services demonstrate sustained utilisation, reflecting strong demand for diagnostics in maternity and emergency care.

1.4 Maternal and Neonatal Services

The maternity division maintained high volumes and continued to serve as the largest point of entry for inpatient activity. Improvements in clinical governance, emergency response, and case management supported positive maternal outcomes during the year.

1.5 Records and Health Information Workload.

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The Medical Records department handled substantial patient throughput and generated Kshs 6.97 million in revenue from file processing, registration, and related services. This also reflects improved documentation and enhanced compliance with reporting standards.

2. Financial Performance Overview

The Hospital’s financial performance for the FY 2024/25 shows a diversified revenue model anchored in both cash collections and insurance reimbursements.

2.1 Total Revenue Performance

The combined revenue and reimbursement performance for FY 2024/25 amounted to: Grand Total Revenue: Kshs 279.17 million

This consists of:

- ❖ Internal collections (cash, Mpesa, departmental fees)
- ❖ NHIF, Linda Mama, and SHIF reimbursements
- ❖ Departmental service revenue (Lab, Imaging, Pharmacy, Records, Physiotherapy, Clinics, etc.)

2.2 Internal Revenue (MPESA and Cash Services)

The Hospital collected Kshs 37.21 million through MPESA across all clinical services. Pharmacy, laboratory, imaging, and medical records remained the highest contributors to fee-for-service collections. Key internal service revenues included:

- ❖ Imaging: Kshs 10.69 million
- ❖ Lab: Kshs 5.36 million
- ❖ Pharmacy: Kshs 6.70 million
- ❖ Medical Records: Kshs 6.97 million
- ❖ ANC Clinic: Kshs 1.17 million

These figures reflect sustained reliance on diagnostic and pharmaceutical services for revenue generation.

2.3 Insurance and Government Schemes

A significant portion of the hospital’s revenue was derived from national health financing schemes:

Scheme	FY 2024/25 Billed	Reimbursements Received
NHIF	Kshs 8.99 million	Kshs 14.00 million
SHIF	Kshs 201.84 million	Kshs 144.09 million

SHIF represented the single largest contributor, reflecting the shift in healthcare financing and expanded claims base during the period.

Timely reimbursements improved cash flow, although SHIF remains subject to verification timelines that may affect uninterrupted liquidity.

2.4 Reimbursement Efficiency

- Linda Mama reimbursements were settled promptly.
- NHIF reimbursements improved due to enhanced claim processing.
- SHIF reimbursements, while large in volume, reflected a lag between billing and actual settlement—a key area for future optimisation.

3. Compliance with Statutory and Regulatory Requirements

The Hospital remained compliant with:

- IPSAS cash-basis reporting standards
- Public Finance Management (PFM) Act
- County Government financial management guidelines
- NHIF/SHIF claim submission and audit requirements
- Employment and labour regulations
- Procurement laws and internal governance frameworks

No material arrears in statutory deductions or penalties were recorded during the year.

4. Key Risks and Mitigation Strategies

The Hospital operated under several strategic and operational risks:

4.1 Financial Risks

Delayed scheme reimbursements pose cash-flow pressure.

Mitigation: Strengthened claims management, reconciliations, and frequent follow-up with insurers.

4.2 Operational Risks

High service demand vs. limited bed capacity.

Mitigation: Improved patient flow, triaging, and discharge planning.

4.3 Supply Chain Risks

Occasional stock-outs or procurement delays.

Mitigation: Quarterly forecasting and improved vendor engagement.

4.4 Human Resource Constraints

Shortages in clinical staffing and workload imbalances.

Mitigation: Redistribution of staff, continuous medical training, and advocacy for additional staff from the County.

5. Outlook for FY 2025/26

Management anticipates continued growth supported by:

- Increased SHIF and NHIF utilisation
- Digitisation of billing, claims, and medical records
- Expansion of diagnostic capacity
- Enhanced maternal and neonatal services
- Stronger partnerships with donors and training institutions
- These interventions are expected to improve efficiency, revenue performance, and quality of patient care.

10. Environmental And Sustainability Reporting

Sustainability strategy and profile

Pumwani Maternity Referral Hospital is committed to providing high-quality maternal and neonatal healthcare services, addressing the critical health needs of mothers and Neonates in Nairobi County and the country at large. The hospital's mandate includes ensuring safe deliveries, reducing maternal and neonatal mortality rates, and promoting overall health and well-being within the community. Central to this mandate is the hospital's sustainability strategy, which aims to maintain and enhance its service offerings over the long term. This strategy encompasses the efficient use of resources, the integration of environmentally responsible practices, and adherence to international best practices to achieve vision 2030 SDG 3. The hospital's top management (Board of Management and HMT) is focused on sustainable efforts that align with broader political and macroeconomic trends, ensuring that the hospital can navigate challenges while continuing to meet the healthcare needs of the population.

Core Principles of Sustainability

Pumwani Maternity Referral Hospital's sustainability strategy is built on three core principles:

1. **Economic Viability:** Ensuring financial sustainability through effective resource management, strategic partnerships, and diversified funding sources.
2. **Social Responsibility:** Enhancing community health outcomes by providing accessible, high-quality maternal neonatal and child healthcare services and engaging in community outreach initiatives.
3. **Environmental Stewardship:** Minimising the hospital's environmental footprint through responsible waste management, energy efficiency, and sustainable sourcing on equipment plant and machinery

Key Sustainability Initiatives

The hospital has implemented several initiatives to promote sustainability:

1. Waste Management

- **Medical Waste Disposal:** Pumwani Maternity Referral Hospital has established protocols for the safe disposal of medical waste through compliance to IPC protocols like waste segregations. The hospital has an incineration plant to ensure waste management is adhered to.

2. Energy Efficiency

- **Renewable Energy Use:** The installation of a 500 KVA generator ensures reliable power supply for critical services while reducing reliance on the national grid, thereby decreasing the hospital's carbon footprint.
- **Energy Conservation:** The hospital has implemented energy-saving measures, such as LED lighting and sourcing for energy-efficient equipment, to reduce overall energy consumption.

Social and Community Engagement

Pumwani Maternity Referral Hospital actively engages with the community to promote health education and preventive care:

- **Community Outreach Programs:** The hospital conducts health awareness campaigns, focusing on maternal and child health, to educate the community through community health promoters about the available services and promote positive health seeking behaviours among the community members for example focused antenatal visits.
- **Partnerships with Local Organisations:** Collaborations with local NGOs and community groups enhance the hospital's outreach efforts, enabling a broader impact on public health.
- **Throughout the financial year, we took a firm step toward a greener future by planting and nurturing over 400 tree seedlings within and around our facility. This initiative not only symbolizes growth and renewal but also reflects our commitment to creating a healthier, more sustainable environment for generations to come.**

Economic Sustainability

To ensure long-term viability, the hospital focuses on financial management and strategic planning:

- **Diversified Revenue Streams:** The hospital is exploring alternative funding sources, including partnerships with Local and international organisations, grant applications in research and to increase service delivery revenue centres that will increase revenue in the hospital. Alignment with Government programs like SHA to ensure financial sustainability.
- **Cost-Effective Operations:** This includes embracing technology, digitisation of hospital processes. Continuous evaluation of operational efficiencies through board of management oversight and HMT quarterly improvement plans which helps in identifying cost-saving measures without compromising service quality.

Trends Influencing Sustainability

Pumwani Maternity Referral Hospital recognizes the influence of broader political and macroeconomic trends on its sustainability priorities:

- **Government Policies:** The introduction of SHA has increased the financial sustainability through higher reimbursements, Fee for service reimbursement on some service delivery centres like neonatal Intensive care unit, newborn and maternal complications.
- **Economic Challenges:** Funding uncertainties require the hospital to remain adaptable, ensuring that services are maintained even during challenging times.
- **Global Health Trends:** Aligning with international best practices in healthcare delivery and sustainability enhances the hospital's credibility and effectiveness in achieving its mandate.

Key Achievements and Challenges

Achievements

- Increased community engagement through outreach initiatives engagement of community health promoters, resulting in improved awareness of maternal and child health services.
- Successful implementation of waste management and recycling programs, significantly reducing the hospital's environmental footprint.

- Enhanced energy efficiency measures that have led to measurable reductions in energy consumption.

Challenges

- Ongoing financial constraints due to delays in reimbursements from NHIF and SHA which impact the hospital's ability to invest in further sustainability initiatives.

Conclusion

Pumwani Maternity Referral Hospital's commitment to sustainability is integral to its mission of providing quality maternal neonatal and child healthcare. Through environmentally responsible practices, social engagement, and economic viability, the hospital strives to maintain its services over the long term. As it continues to navigate challenges and leverage opportunities, the hospital remains focused on aligning its efforts with international best practices and addressing the evolving healthcare needs of the communities it serves.

i) Employee welfare

Hiring Policies

Diversity and Gender Ratio

As a public healthcare institution, Pumwani Maternity Referral Hospital follows the Kenyan government's guidelines on diversity and inclusion in hiring. This includes considerations for gender balance, ensuring equal opportunities for men and women across various roles within the hospital. Recruitment is done transparently.

Policy Improvement

Hiring and employment policies are reviewed and updated regularly, typically in alignment with government directives and healthcare sector reforms.

Efforts in Skills Improvement and Career Management

Training and Development

Pumwani Maternity Referral Hospital offers continuous professional development (CPD) programs for its medical and support staff. These training sessions focus on enhancing clinical skills, patient

care, and specialised areas such as, obstetrics, gynaecology, and neonatal care through the learning/Skills hub that is within the hospital premises . The hospital collaborates with medical training institutions and NGOs to provide workshops, certifications, and upskilling opportunities.

Career Management

Career progression is encouraged through mentorship, leadership development programs. Pumwani's senior staff play an active role in guiding the careers of young professionals, especially by helping them gain experience in specialised maternal and child healthcare. through mentors identified within the hospital medical staff who guide the younger team in gaining experience in various clinical departments.

Appraisal and Reward Systems

The hospital has embarked on hospital staff motivation through staff barazas that are conducted quarterly, departmental recognition is done through certificates and trophies. The hospital may also offer non-monetary rewards such as professional recognition, opportunities for further training.

Safety and Compliance with OSHA (2007)

Safety Policy

As a hospital, Pumwani is committed to ensuring the health and safety of both patients and staff, strictly following the Occupational Safety and Health Act of 2007 (OSHA). The hospital is required to provide a safe working environment by ensuring regular maintenance of medical equipment, proper handling and disposal of medical waste, and training staff on safety protocols.

Safety Measures

Key safety initiatives include infection control programs, the use of personal protective equipment (PPE), and training on handling emergencies such as disease outbreaks or maternal complications. The hospital has started working on fire safety preparedness , fire safety audits and working on compliance to preparedness for emergencies.

Compliance with OSHA

The hospital adheres to OSHA by conducting OSH audits , maintaining proper records of workplace incidents, conducting periodic health and safety audits, and ensuring that all staff are aware of their rights and obligations under the law.

ii) Marketplace practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Create transparency through publishing tender and quotation notices through PPIP portal so as to attract more bidders to participate in the process competitively.

b) Responsible Supply chain and supplier relations

Self declaration against corrupt and fraudulent practices-bidders sign self declaration and questionnaire forms. Segregating procurement for reserved groups (AGPO) categories, thus ensuring fairness.

c) Responsible marketing and advertising

Create transparency through publishing tender and quotation notices through PPIP portal so as to attract more bidders to participate in the process competitively.

d) Product stewardship

All goods supplied are inspected to make sure they meet the required standards and specifications.

iii) Corporate Social Responsibility / Community Engagements

The hospital has engaged in 2 in- reaches to engage the community on services provided by the hospital. It has also engaged in blood donation drives , community outreaches where family planning,cervical cancer screening was offered to the community and those needing further management referred to the hospital. This has ensured visibility of the hospital to the community

Through Increased community engagement and outreach initiatives by the community health promoters ,there has been an improvement in the awareness of maternal and child health services.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the Pumwani Maternity Referral Hospital affairs.

Principal activities

The principal activities of the Pumwani Maternity Referral Hospital continue to be the provision of healthcare services aimed at promoting the health and well-being of the community it serves. These activities include maternal care, outpatient care, inpatient services, and health education.

Results

The results of the Pumwani Maternity Referral Hospital for the year ended June 30 2025 are set out on pages 23 to 26.

Board of Management

The members of the Board who served during the year are shown on pages 7 to 9. During the year, 0 director(s) retired/ resigned, and 0 director (s)was appointed.

Auditors

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

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 the Public Finance Management (County Governments) Regulations, 2015, and Gazette Notice No. 786 establishing the Board of Management of Pumwani Maternity Referral Hospital requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

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

The Board of Management accepts responsibility for the *entity'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 FIF Act, 2023. The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 9/12/2025 and signed on its behalf by:

Erasmus Ikwili
Name:

Ag Chairperson
Board of Management

Kilabwa Christine Piusine
Name:
Accounting Officer

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON PUMWANI MATERNITY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – NAIROBI CITY COUNTY GOVERNMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Pumwani Maternity Referral Hospital – Nairobi City County Government set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

Report of the Auditor-General on Pumwani Maternity Referral Hospital for the year ended 30 June, 2025 - Nairobi City County Government

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, the financial statements present fairly, in all material respects, the financial position of Pumwani Maternity Referral Hospital – Nairobi City County Government as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pumwani Maternity Referral 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts of Kshs.273,773,700 and Kshs.262,865,000 respectively resulting in an under-funding of Kshs.10,908,700 or 4% of the budget. Similarly, the Hospital spent a total of Kshs.239,956,302 against actual receipts of Kshs.262,865,000 resulting in an under absorption of Kshs.22,908,698 or 9% of the actual receipts.

The under-funding and underutilization may have affected the planned delivery of health services to the public.

2. Material Uncertainty Related to Going Concern

The statement of financial performance reflects net deficit of Kshs.48,828,758 in comparison with net deficit of Kshs.87,276,288 for the previous year. In addition, the Hospital is operating on a negative working capital of Kshs.38,194,870 as the current liabilities of Kshs.284,134,789 exceeded the current assets of Kshs.245,939,919.

In the circumstances, the Hospitals ability to continue with effective health services delivery is doubtful. Further, the ability of the hospital to meet its short-term obligations as and when they fall due could not be confirmed.

My opinion is not modified in respect of these matters.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness.

Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial statements
2	2023/2024	Variances in Receivables from Exchange Transactions
3	2023/2024	Undisclosed Property, Plant and Equipment
4	2023/2024	Unsupported Trade Payables
5	2023/2024	Lack of Annual Stock Take
6	2023/2024	Failure to Prepare an Approved Budget
7	2023/2024	Lack of Staff Establishment
8	2023/2024	Payment of Allowance to Locum Personnel
9	2023/2024	Non-Compliance with Procurement Requirements
10	2023/2024	Lack of Appointment Letters for Board Members
11	2023/2024	Shortage of Healthcare Workers and Unavailable Services
12	2023/2024	Existence and Independence of Pumwani Midwifery College
13	2023/2024	Stockout of Medical Commodities
14	2023/2024	Non-Compliance with Public Sector Accounting Standards Reporting Template
15	2023/2024	Drug Management Weaknesses
16	2023/2024	Weak Control on Inventory
17	2023/2024	Lack of Internal Audit Function and Audit Committee
18	2023/2024	Lack of Key Management Policy
20	2023/2024	Unconfirmed Dispensing of Drugs to Patients

Other Information

The Board of Management is responsible for the Other Information set out on page iii to xxxvii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of 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 Pumwani Maternity Referral 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 and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of the Hospital records and physical inspection in the Hospital of services offered, equipment used, and availability of medical specialists revealed that the Hospital did not meet the Kenya Quality Model for Health Policy guidelines due to staff deficit by two hundred and seventy-five (275) staff requirements or 47% of the authorized establishment.

Department/Cadre	Minimum Required as per Health Norms Guidelines	In-Post	Variance (±)	Filled %
Specialists				
Anesthesiologists	7	1	-6	14%
Gynecologists	4	9	5	225%
Pediatricians	4	8	4	200%
Medical Officers	50	57	7	114%
Dental Services				
Dentists	6	2	-4	33%

Department/Cadre	Minimum Required as per Health Norms Guidelines	In-Post	Variance (±)	Filled %
Dental Technologists	10	1	-9	10%
Clinical Officers				
Anesthetist	15	10	-5	67%
Pediatrics	6	1	-5	17%
Reproductive Health	2	1	-1	50%
Mental Health	2	1	-1	50%
General (BSc/Diploma)	51	4	-47	8%
Nurses				
Registered Community Health Nurses	250	136	-114	54%
Rehabilitation				
Occupational Therapist	12	2	-10	17%
Physiotherapist	14	4	-10	29%
Orthopedic Technologist	6	3	-3	50%
Pharmacy				
Pharmacist	6	5	-1	83%
Pharmaceutical Technologist	10	3	-7	30%
Laboratory & Support Services				
Laboratory Technologist	50	15	-35	30%
Biomedical Engineer	16	8	-8	50%
Nutrition & Dietetics Technologist	12	6	-6	50%
Health Records & Information Officer	12	15	3	125%
Medical Social Worker	8	5	-3	63%
Public Health Officer	4	3	-1	75%
Human Resource Managers	2	0	-2	0%
Secretary	2	1	-1	50%

Department/Cadre	Minimum Required as per Health Norms Guidelines	In-Post	Variance (±)	Filled %
ICT Officer	4	1	-3	25%
Drivers	15	1	-14	7%
Accountant	6	2	-4	33%
Total (All Cadres)	580	305	-275	47%

In the circumstances, the deficiencies contravene 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.

2. Non-Compliance with Public Procurement Capacity Building Levy

Legal Notice No. 206 of 2023 stipulates that all procuring entities shall deduct and remit a levy of 0.03% of the value of signed contracts (exclusive of taxes) to The National Treasury through the eCitizen platform. The levy applies to all procurement contracts signed from 01 September, 2024, including contract extensions, renewals, variations, and long-term orders. However, Management did not deduct the levy as required by the order. Further, procuring entities are required to remit the levy by the 20th day of the subsequent month and submit monthly returns through the Public Procurement Information Portal (tenders.go.ke).

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

3. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The financial statements presented for audit did not include all information required in the format prescribed and published by the Public Sector Accounting Standards Board as Appendix I on progress on follow up on audit recommendations did not address all the issues in the previous year audit report and Appendix IV on reporting of climate relevant expenditures was not signed nor populated with the relevant details.

In the circumstances, Management was in breach of the PSASB guidelines.

4. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables balance of Kshs.284,134,789. Included in this balance are trade and other payables balance of Kshs.98,687,075 that remained outstanding for more than three (3) years without any efforts to clear them. This was contrary to provisions of Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which requires the Accounting Officers to only commit funds where sufficient budgetary provision exists to meet the resulting obligations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 16 to the financial statements reflects receivables from exchange transactions balance of Kshs. 171,096,109. Included in this balance is Kshs.52,876,610 that remained outstanding of more than three (3) years without any meaningful recovery efforts or provisions for doubtful debts. Further, Management has not put in place a debt collection policy.

In the circumstances, effectiveness in recovery of the Hospital's debts could not be confirmed.

2. Obsolete Assets

Review of the asset records revealed that several equipment at the facility are obsolete. The equipment including autoclaves, an aesthetic machine, suction machines, patient monitors, and dryers were found to be inoperative, or beyond economical repair.

Notably, some assets have been out of service for extended periods indicating inadequate asset management and maintenance follow-up. Additionally, a number of items are not in active use despite being functional, suggesting possible inefficiencies in asset utilization.

In the circumstances, the Hospital was not benefiting in any way from the services the equipment's could have offered if they were operational.

3. Lack of Internal Audit Function

Review of the operations of the Hospital revealed that the Hospital did not establish an internal audit unit to oversee its governance mechanisms and promote transparency and accountability in the management of its resources contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

4. Lack of Key Management Policies

The Hospital did not have approved Debt policy and Risk Management policy.

In the circumstances, the existence and effectiveness of the internal controls on key management policies could not be confirmed.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and overall 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 are in compliance 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

16 December, 2025

Pumwani Maternity Referral Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

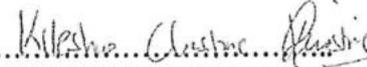
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024-2025	Restated FY
		Kshs	2023-2024
Revenue from exchange transactions			
Rendering of services- Medical Service Income	6	275,749,184	162,076,786
Revenue from rent of facilities	7	3,422,380	
Revenue from exchange transactions		279,171,564	162,076,786
Total revenue		279,171,564	162,076,786
Expenses			
Medical/Clinical costs	8	194,665,991	153,474,133
Employee costs	9	46,095,215	9,677,437
Board of Management Expenses	10	6,566,600	6,681,400
Depreciation and Amortization Expenses	11	10,329,140	-
Repairs and maintenance	12	16,449,282	22,689,178
Grants and subsidies	13	2,524,180	5,020,000
General expenses	14	51,369,914	51,810,926
Total expenses		328,000,322	249,353,074
Other gains/(losses)			
Medical services contracts Gains/Losses		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		(48,828,758)	(87,276,288)

The Hospital's financial statements were approved by the Board on 9/12/2025 and signed on its behalf by:


.....
Ag Chairman
Board of Management


.....
Head of Finance
ICPAK No: 12190


.....
Chief Executive Officer

Pumwani Maternity Referral Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	Restated FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	22,908,698	36,301,575
Receivables from exchange transactions	16	171,096,109	127,012,370
Receivables from Non exchange transactions	17		
Inventories	18	51,935,112	94,843,400
Total Current Assets		245,939,919	258,157,345
Non-current assets			
Property, plant, and equipment	19	27,440,593	-
Total Non-current Assets		27,440,593	-
Total assets (A)		273,380,512	258,157,345
Liabilities			
Current liabilities			
Trade and other payables	20	284,134,789	221,823,010
Total Current Liabilities		284,134,789	221,823,010
Non-current liabilities			
Total non-current liabilities		-	-
Total Liabilities (B)		284,134,789	221,823,010
Net assets (A-B)		-10,754,277	36,334,335
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		-22,442,084	24,646,528
Capital Fund		11,687,807	11,687,807
Net Assets		-10,754,277	36,334,335

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

The Hospital's financial statements were approved by the Board on 4/12/2025 and signed on its behalf by:


.....
Ag Chairman
Board of Management


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Head of Finance
ICPAK No:


.....
Chief Executive Officer

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021	-	-	11,687,807	11,687,807
Revaluation gain				-
Surplus/(deficit) for the year		61,088,415		61,088,415
Capital/Development grants				-
As at June 30, 2022	-	61,088,415	11,687,807	72,776,222
At July 1, 2022	-	61,088,415	11,687,807	72,776,222
Revaluation gain				
Surplus/(deficit) for the year		52,574,547		52,574,547
Capital/Development grants				
At June 30, 2023	-	113,662,962	11,687,807	125,350,769
As at July 1, 2023	-	113,662,962	11,687,807	125,350,769
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-87,276,288	-	-87,276,288
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	26,386,674	11,687,807	38,074,481
At July 1, 2024	-	26,386,674	11,687,807	38,074,481
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-48,828,758	-	-48,828,758
Capital/Development grants	-	-	-	-
At June 30, 2025	-	-22,442,084	11,687,807	-10,754,277

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

Description	Note	FY 2024-2025	Restated FY
		Kshs	2023-2024
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		223,141,045	162,076,786
Revenue from rent of facilities		3,422,380	
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	
Total Receipts		226,563,425	162,076,786
Payments			
Medical/Clinical costs		104,227,325	153,474,133
Employee costs		44,769,779	9,677,437
Board of Management Expenses		6,566,600	6,681,400
Repairs and maintenance		8,774,088	22,689,178
General expenses		52,601,105	51,810,926
Grants and Subsidies		2,524,180	5,020,000
Total Payments		219,463,077	249,353,074
Net cash flows from operating activities	21	61,021,312	-87,276,288
Cash flows from investing activities			
Purchase of property, plant, equipment		-20,907,935	
Net cash flows used in investing activities		-20,907,935	
Cash flows from financing activities			
Proceeds from borrowings		-	
Net cash flows used in financing activities		-	
Net increase/(decrease) in cash and cash equivalents		-13,392,877	-87,276,288
Cash and cash equivalents as at 1 July	15	36,301,575	100,791,940
Cash and cash equivalents as at 30 June	15	22,908,698	36,301,575

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

Description	Original budget a Kshs	Adjustments b Kshs	Final budget c=(a+b) Kshs	Actual on comparable basis d Kshs	Performance difference e=(c-d) Kshs	% of utilisation f=d/e%
Budget carryovers from the previous year	-	36,301,575	36,301,575	36,301,575	0	100
Receipts					0	0
Rendering of services- Medical Service Income	488,733,317	-254,683,572	234,049,745	223,141,045	10,908,700	95
Revenue from rent of facilities	3,422,380	-	3,422,380	3,422,380	0	100
Finance / interest income	-	-	-	-	0	0
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	0	0
Total receipts	492,155,697	-218,381,997	273,773,700	262,865,000	10,908,700	96
Payments					0	
Medical/Clinical costs	257,405,817	-151,586,677	105,819,140	104,227,325	1,591,815	98
Employee costs	58,832,000	-9,660,496	49,171,504	44,355,069	4,816,435	91
Board of Management Expenses	13,000,000	-6,600,000	6,400,000	6,566,600	-166,600	103
Repairs and maintenance	50,991,860	-40,939,585	10,052,275	8,774,088	1,278,187	87
General expenses	111,926,020	-58,971,005	52,955,015	52,601,105	353,910	99
Grants and Subsidies	-	5,804,991	5,804,991	2,524,180	3,280,811	43
Total Operational Expenditure paid	492,155,697	-261,952,772	230,202,925	219,048,367	11,154,558	95
Capital Expenditure paid	-	43,570,775	43,570,775	20,907,935	22,662,840	48
Surplus	0	0	0	22,908,698	-22,908,698	

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	22,908,698
	Closing Cash and Cash Equivalent as per the statement of Cash flows	22,908,698

19. Notes to the Financial Statements

1. General Information

Pumwani Maternity Referral Hospital is established by and derives its authority and accountability from FIF Act. The entity is wholly owned by the Nairobi City County Government and is domiciled in Nairobi County in Kenya. The entity's principal activity is specialised obstetric and neonatal care.

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. 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 FIF Act, 2023, 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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the</p>

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Standard	Effective date and impact:
	scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<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>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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-baseline 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 30TH JUNE, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of (261,952,772) on the FY2024-2025 budget following the Board's approval. Pumwani Maternity Referral Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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.

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 cash flows 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 does creates and maintains reserves in terms of specific requirements.

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 Pumwani Maternity Referral Hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

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

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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6. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
User fee	-	-
NHIF/SHA	210,834,439.00	51,121,500
Linda Mama Program	31,125,000.00	70,982,500
Other income	-	-
Student attachment	2,569,130	2,004,400
Reproductive health	-	70,900
Research fees	82,000	63,000
Medical Records	6,970,200	5,729,590
ANC clinics	1,170,100	1,239,741
Orthopaedic /Physiotherapy	154,100	287,200
Radiology	10,693,200	7,373,400
Laboratory	5,357,760	6,780,500
Pharmaceuticals	6,702,520	14,867,655
Labor ward	-	1,555,300
Family Planning	70,525	
Others(incinerator services)	20,210	1,100
Total revenue from the rendering of services	275,749,184	162,076,786

Pumwani Maternity Referral Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

7. Revenue From Rent of Facilities

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Conferences and others	3,422,380	-
Commercial property	-	-
Total Revenue from rent of facilities	3,422,380	-

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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Notes to the Financial Statements (Continued)

8. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	24,661,127	20,547,409
Food and Ration	32,608,270	34,104,980
Uniform, clothing, and linen	5,300,340	4,547,195
Dressing and Non-Pharmaceuticals	56,959,030	34,680,726
Pharmaceutical supplies	48,938,034	41,742,237
Health information stationery	7,024,000	6,263,169
Reproductive health materials		-
Sanitary and cleansing Materials	8,765,690	7,575,015
Purchase of Medical gases	10,409,500	2,049,748
X-Ray/Radiology supplies	-	-
other Medical related clinical costs (Purchase of medical equipment)	-	1,963,654
Total medical/ clinical costs	194,665,991	153,474,133

9. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	11,292,300	9,677,437
Amenity locum	34,802,915	-
Employee costs	46,095,215	9,677,437

10. Board of Management Expenses

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	3,120,000	2,830,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	1,361,000
Travel and accommodation allowance	3,446,600	2,490,400
Airtime allowances	-	-
Total	6,566,600	6,681,400

11. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	10,329,140	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	10,329,140	-

12. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	9,186,249	8,258,215
Medical equipment	894,500	1,922,440
Furniture & Fittings	-	2,047,095
Computers and software accessories	-	3,511,020
Motor vehicle expenses	385,030	256,236

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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Maintenance Expenses equipment of Plant & Machinery	5,983,503	6,694,172
Maintenance of Hospital MIS	-	-
Total repairs and maintenance.	16,449,282	22,689,178

Notes to the Financial Statements (Continued)

13. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Other grants and subsidies(5% HSSF)	2,524,180	5,020,000
Total grants and subsidies	2,524,180	5,020,000

14. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	3,620,125
Catering expenses	-	1,092,672
insecticides and rodenticides	63,000	52,250
Contracted security services	-	27,958,653
Bank charges	592,082	-
Computer accessories	2,988,600	-
Consultancy	2,100,000	-
Contracted cleaning services	25,975,600	-
Fuel and Lubricants	4,400,000	5,249,960
Travel and accommodation allowance	6,395,814	-
Printing & Stationery	3,135,583	10,665,401
Other fuel, firewood, cooking gas	1,998,480	-
Telephone and mobile phone services	516,700	1,121,815
Internet expenses	102,405	340,485
Civic training and development, CSR, capacity building	2,699,600	1,188,915
Subscriptions to professional bodies	104,900	283,050
Hire of Transport	297,150	237,600
Total General Expenses	51,369,914	51,810,926

**Pumwani Maternity Referral Hospital (Nairobi City County Government
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15. Cash And Cash Equivalents

Description	FY 2024-2025	Restated comparative 2023-2024
Current accounts	22,908,698	56,525,069.73
Mistatement in closing balance for FY 2023/2024		(43,009,417.73)
Mistatement in closing balance for FY 2022/2023		11,098,116.00
Mistatement in closing balance for FY 2021/2022		11,687,807.13
Total cash and cash equivalents	22,908,698	36,301,575.13

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank	01021000895400	22,908,698	36,301,575.13
Kenya Commercial Bank(Amenity wing)	-	-	-
Total		22,908,698	36,301,575.13

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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16. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	171,096,109	127,012,370
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	171,096,109	127,012,370

Analysis of Receivables From Exchange Transactions

Description	Insert Current FY		FY 2023 - 2024	
	Kshs		Kshs	
	Current FY	% of the total	FY 2023 -2024	% of the total
Less than 1 year	58,994,019	34 %	61,079,300	48.09 %
Between 1- 2 years	47,415,900	28 %	13,056,460	10.28 %
Between 2-3 years	11,809,580	7 %	15,861,900	12.49 %
Over 3 years	52,876,610	31 %	37,014,710	29.14 %
Total (a+b)	171,096,109	100 %	127,012,370	100 %

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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17. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

18. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	12,785,561.92	43,176,104
Non pharmaceuticals	28,736,455	-
Laboratory supplies	448,210	-
Maintenance supplies	8,774,088	16,345,493
Food supplies	1,012,284	24,501,043
General office supplies	109,421	-
Linen & Clothing Supplies	46,412	3,443,745
Cleaning Materials Supplies	22,680	7,377,015
Less: provision for impairment of stocks	-	-
Total	51,935,112	94,843,400

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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Detailed disclosure on inventories

	FY 2024-2025	FY 2023/2024
Opening balance	94,843,400	-
Additional Inventory in the year	246,035,905	-
Inventory expensed in the year	288,944,193	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	51,935,112	94,843,400

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Moto r vehicle s	Furniture, fittings, and office equipment 12.5%	ICT Equipment	Plant and medical equipment	specialized equipments (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost		10%		12.50%	30%	33.30%			
At 1 July 2023		-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30 th Jun 2024	-	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	5,775,000	-	2,332,200	12,651,759	17,010,774	-	-	37,769,733
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-

Pumwani Maternity Referral Hospital (Nairobi City County Government

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At 30 th Jun 2025	-	5,775,000	-	2,332,200	12,651,759	17,010,774	-	-	37,769,733
Depreciation and impairment									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	577,500	-	291,525	3,795,528	5,664,588	-	-	10,329,140
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	577,500	-	291,525	3,795,528	5,664,588	-	-	10,329,140
At July 2024	-	-	-	-	-	-	-	-	-
Depreciation									
Disposals									
Impairment									
Transfer/adjustment									
At 30 th June 2025									
Net book values									
At 30 th Jun 2024	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	5,197,500	-	2,040,675	8,856,231	11,346,186	-	-	27,440,593

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Notes to the Financial Statements (Continued)

20. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	284,134,789		185,178,553.60	
Total trade and other payables	284,134,789		185,178,553.60	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	124,667,244.00	44	32,019,054	17
1-2 years	18,732,625.00	7	47,717,425	26
2-3 years	42,047,845.00	15	-	-
Over 3 years	98,687,074.90	35	105,442,074	57
Total	284,134,788.90	100	185,178,553	100

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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Notes to the Financial Statements (Continued)

22. 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 minimize 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	127,012,370	127,012,370	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	36,301,575.13	36,301,575.13	-	-
Total	163,313,945.13	163,313,945.13	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	171,096,109	171,096,109	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	22,908,698	22,908,698	-	-
Total	194,004,807.00	194,004,807.00	-	-

Pumwani Maternity Referral Hospital (Nairobi City County Government)
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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 recognize in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

(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	-	-	221,823,010	221,823,010
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	221,823,010	221,823,010
At 30 June 2025				
Trade payables	-	-	284,134,789	284,134,789
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	284,134,789	284,134,789

(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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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.

23. Currency

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

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Inaccuracies in the Financial Statements	<i>As a certificate has already been issued for the year, the necessary adjustments will be effected in the next audit period to realign the statements.</i>	Resolved	
	Variances in Receivables from Exchange Transactions	<i>The variance arose from timing differences between submitted claims from the hospital and NHIF's multi-stage approval process before EFT payment, as well as delays in updating claim reversals and rejections.</i>	Resolved	
	Undisclosed Property, Plant and Equipment	<i>A letter has been written to the CECM Finance to engage professional valuers, and the report is awaited. An asset register has been established, and the verified asset values will be incorporated into the 2024/2025 financial statements in accordance with IPSAS 17 and the Public Finance</i>	Resolved	

**Pumwani Maternity Referral Hospital (Nairobi City County Government
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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)
		<i>Management (PFM) Act, 2012. Logbooks for motor vehicles are held by the County Mobility Sector and can be availed for verification upon request.</i>		
	Unsupported Payables Trade	<i>Verified balances will be appropriately reflected in the next audit period in line with Regulation 42(1)(a) of the Public Finance Management Act, 2020, Regulations, 2015</i>	Resolved	
	Lack of Annual Stock Take	<i>A comprehensive stock verification and reconciliation exercise has been initiated to ensure accuracy and completeness of inventory records in subsequent reporting periods.</i>	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible 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.

**Pumwani Maternity Referral Hospital (Nairobi City County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025**

.....
Christine

Accounting Officer

**Pumwani Maternity Referral Hospital (Nairobi City County Government
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 Selected Infrastructure Improvement Fund		NEST360 (via Aga Khan University)	5 months 15 days	\$135,968	YES	NO
2						

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Agreement signing & initial invoicing	13,507	13,507	100%	13,507	13,507	NEST360 Grant
2	Nurse-in-charge office & nursing station renovation	27,014	27,014	100%	27,014	27,014	NEST360 Grant

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3	Renovation of ultrasound room, admission room & preterm room 2	33,767	33,767	100%	33,767	33,767	33,767	NEST360 Grant
4	Isolation room, Room 11 corridor & KMC washroom renovations	27,014	27,014	100%	27,014	27,014	27,014	NEST360 Grant
5	IPC and staff welfare improvements	20,260	20,260	100%	20,260	20,260	20,260	NEST360 Grant
6	Procurement of furnishings and hardware	13,507	13,507	100%	13,507	13,507	13,507	NEST360 Grant

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Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity...NEST360 (via Aga Khan University)

Name of Beneficiary entity...PUMWANI MATERNITY REFERRAL HOSPITAL

Confirmation of amounts received by PUMWANI MATERNITY REFERRAL HOSPITAL as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	15 TH NOVEMBER, 2024	\$13,507	\$122,461	\$135,968	COMPLETE
Total		\$13,507	\$122,461	\$135,968	

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date.....

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Selected Infrastructure Improvement Fund	Renovation of NBU, KMC, staff areas & procurement of equipment	Improve quality of neonatal and maternal care	Renovations, procurement, installation of fixtures					NEST360 Grant	Petgra Consultants Ltd

*XX Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx*

Appendix V: Disaster Expenditure Reporting Template

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

