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TOM MBOYA MEMORIAL LEVEL 4 HOSPITAL

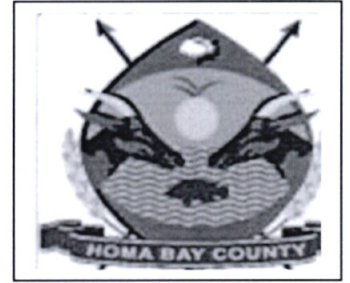
FOR THE YEAR ENDED

30 JUNE, 2025

HOMA BAY COUNTY GOVERNMENT

PAPERS LAID	
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# **TOM MBOYA MEMORIAL LEVEL 4 HOSPITAL (Homabay County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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## 1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
HMT	Hospital Management Team
NHIF	National Hospital Insurance Fund
UHC	Universal Health Coverage
CIDP	County Integrated Development Plan
ICT	Information and Communication Technology
IEC	Information, Education, and Communication
Kshs.	Kenyan Shillings
BOM	Board of Management
MESS	Managed Equipment Services Scheme
IPC	Infection Prevention Control
SOPs	Standard Of Operations

### Glossary of Terms:

1. **Health Management Information System (HMIS):** A system for collecting, managing, and analyzing health data to improve hospital operations and patient care.
2. **Financial Sustainability:** The ability of an institution to maintain its financial health over the long term, ensuring continued operations.
3. **Cost Sharing:** A system where patients contribute to the cost of healthcare services, alongside government or insurance payments.
4. **Universal Health Coverage (UHC):** A healthcare system ensuring that all individuals have access to the health services they need without financial hardship.
5. **Reproductive Health Care:** Medical care related to the reproductive system, including maternal, prenatal, and family planning services.
6. **E-Health:** The use of information and communication technology (ICT) in healthcare to improve services and patient outcomes.
7. **Infrastructure Modernization:** Updating hospital facilities, machinery, and equipment to enhance service delivery and meet modern healthcare standard.

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

### **(a) Background information**

The hospital is governed by a Board of Management Tom Mboya Memorial Level 4 Hospital was established by the Kenya gazette notice No. 13505 and derives its authority and accountability from Homabay County Finance Bill 2023. The entity is wholly owned by the County Government of Homabay and is domiciled in Kenya.

The entity's objective is to become a well-established institution offering high quality efficient integrated medical care services and training of competent health care workers.

The entity's principal activity is to offer high quality and integrated medical care services that are affordable and accessible and to provide conducive environment that enhance active participation in the provision of high-quality medical care services.

### **(b) Principal Activities**

The principal activity of the facility is to provide essential healthcare services based on scientifically sound and socially acceptable methods and technology.

Our vision and mission are anchored on that of the Department of Health Services, Homa Bay County.

#### **Vision**

To ensure that Rusinga Island and its environment become and remain an area free of preventable diseases and controllable ill health

#### **Mission**

To provide sustainable, technologically-driven, evidence based and client-cantered health services.

### **(c) Key Management**

Tom Mboya Memorial Level 4 Hospital's Day to day management is under the following key organs:

- i. HomaBay County Ministry of Health
- ii. Chief Officer Health- Dr. Kevin Osuri
- iii. Board of Management
- iv. Accounting Officer/MED SUP - Robert Nyatieno
- v. Hospital Management Team

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**(d) Fiduciary Management**

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

Ref	Designation	Name
1	Clinical Officer in Charge	Robert Nyatieno
2	Health Administrator	Isaiah Okinyi Olang
3	Accountant	Winnie Anyango Okoto
4	Nursing Officer In-Charge	Lydia Kakia

**(e) Fiduciary Oversight Arrangements**

Increasingly, hospitals and health systems, along with the individuals serving on their committees and governing boards, are seeing the need for prudent oversight of their organizations. Due to a rising number of lawsuits, trustees need to ensure that their organizations are taking proactive steps to protect their organizations and themselves. Tom Mboya Memorial Level 4 Hospital, being a government entity has formed various committees to ensure robust fiduciary oversight.

**i. Quality Improvement Team**

Quality Improvement Team (QIT) is a team taking lead to implement quality improvement activities. Group of multi skilled employee charged with responsibilities of improving processes or services. The teams include top and middle management members to coordinate initial planning and implementation.

The members include;

Robert Nyatieno – Chairperson

Margaret Mago – Secretary

Isaiah Okinyi Olang (Hospital Administrator)

Lydia Kakia

George Banze

**ii. Emergency Response Team**

Hospital Emergency Response Teams (HERT) is comprised of multi disciplines and specialties that activate and respond during emergencies. The team is responsible for Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, decontamination, detection & monitoring and movement of patients into the facility or on to other definitive medical care.

The members are;

Robert Nyatieno – Chairperson

Isaiah Okinyi Olang (Hospital Administrator)

Edward Akumu

Penina Ojala

**iii. Medicines and Therapeutic Committee**

The Medicines and Therapeutics Committee (MTC) is a multidisciplinary committee responsible for overseeing policies and procedures related to all aspects of medicines and other HPT use. Medicines and therapeutics a committee (MTCs) is formed in the hospital to improve prescribing and dispensing processes of medicines. Its importance appears in different aspects such as drug selection process, cost-effectiveness, and control of drug losses. Altogether, MTCs have shown an important role in promoting, controlling and educating activities of rational drug use. This is mostly manifested in demonstrating how the presence of MTCs in hospitals would improve

Patient's health outcomes and decrease overall drug expenditures. The members;

Robert Nyatieno – Chairperson  
Isaiah Okinyi Olang (Hospital Administrator)  
Kennedy Wamani  
Edward Akumu  
Joan Lumumba

**iv. Billing and Waiver Committee**

The billing and waiver committee is responsible for tracking patient bills to ensure that correct bills are paid and those unable to pay are waived in line with the government policy. The members are;

Robert Nyatieno – Chairperson  
Isaiah Okinyi Olang (Hospital Administrator)  
Winnie Anyango Okoto

**v. Maternal and Perinatal Death and Surveillance Response (MPDSR)**

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future.

The members are;

Robert Nyatieno – Chairperson  
Lydia Kakia  
Penina Ojala

**vi. Hospital Management Committee**

Oversight roles and resource mobilization to the facility

**vii. Hospital Management Team**

Runs the facility through ensuring that all procedures are adhered to through monthly HMT meetings

**viii. Hospital finance Committee**

Goes through departmental budget proposals and ensure the allocations are done putting into consideration priorities

**(f) Registered Offices**

P.O. Box 52-40300  
Homabay  
Kenya

**(g) Hospital Contacts**

P.O Box 50-40305, MBITA  
Tom Mboya Memorial Level 4 Hospital Building  
Rusinga Island  
Homa Bay, Kenya  
Telephone: (+254)707322205  
Email: [tommboyalevel4hospital@gmail.com](mailto:tommboyalevel4hospital@gmail.com)

**(h) Hospital Bankers**

Kenya Commercial Bank  
P.O Box 66827, 00800  
Nairobi, Kenya

**(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**


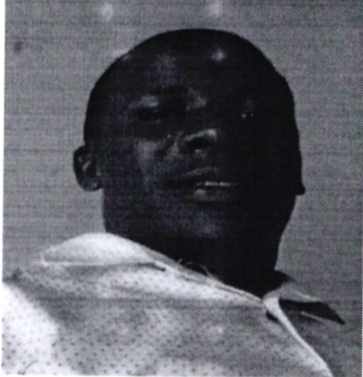
P.O. Box. 469-40300  
Homabay  
Kenya.



### 3. The Board of Management

Ref	Directors	Details
1.	 <p>Julius Jagero</p>	<p>BoM Chairman Key profession/academic qualification: Retired Teacher Diploma in Primary Teacher Education</p>
2.	 <p>Emily Nundu</p>	<p>Representative of PWD Key profession/academic qualification Retired P1 Teacher Diploma in Early Child Education</p>
3.	 <p>Meshack Ogweno</p>	<p>Representative of CBO Key profession/academic qualification: Primary School Teacher Bachelor's Degree in Early Childhood Education</p>

4.	 <p>Pamela Otieno</p>	<p>REP Women Group Key profession/academic qualification: Business Woman Diploma in Primary Teacher Education</p>
5.	 <p>Andrew Owour</p>	<p>Youth Representative Key profession/academic qualification: Junior Secondary Teacher Bachelors of Education (B.Ed) Arts</p>
6.	 <p>Robert Ouko Nyatieno</p>	<p>MEDSUP Secretary Key profession/academic qualifications: Clinical Officer: Diploma in Clinical Medicine and Surgery, Degree in Health System Management</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p>Robert Ouko Nyatieno, Key profession/academic qualifications: Clinical Officer: Diploma in Clinical Medicine and Surgery, Degree in Health System Management</p>	Clinical Officer In charge
2.	 <p>Isaiah Okinyi Olang' Key profession/academic qualifications: Bachelor of Business Administration- Finance</p>	Health Administrative Officer

3.	 <p>Winnie Anyango Okoto Key profession/academic qualifications: Bachelor of Economics and Finance &amp; CPA iv</p>	Accountant
4.	 <p>Lydia Seredi Kakia Key profession/academic qualifications: Diploma- Kenya Registered Community Health Nurse</p>	Nursing Officer In -Charge

## 5. Chairman's Statement

It is my pleasure to present to you the Annual Report and Financial Statements of Tom Mboya Memorial Level 4 Hospital for the year ended 30th June 2025. The Board of Management is proud of the milestones achieved during this period in advancing our vision of "Offering high-quality and integrated medical care services that are affordable and accessible." I am particularly encouraged by the unwavering dedication, professionalism, and positive attitude demonstrated by our staff, which has been central to the delivery of quality services to our patients.

During the financial year under review, the Board approved and oversaw the implementation of several key initiatives:

1. Delivery of quality healthcare services under one roof, with a focus on patient-centered and efficient service.
2. Construction of a modern block to house Dental Unit, Physiotherapy, and Optic services.
3. Strengthening financial sustainability measures.
4. Enhancing the hospital's human resource capacity.

### **Achievements Consolidated**

The hospital successfully provided integrated, patient-focused healthcare services that enhanced patient satisfaction. Major progress was made in infrastructure modernization, with the acquisition of advanced medical equipment that improved our diagnostic and treatment capacity. Staff development remained a key priority, with training and empowerment programs enhancing the quality of service delivery.

A landmark achievement during the year was the **completion of the new Dental Unit Physiotherapy, and Optic block**, which was officially opened by **H.E. the Governor Gladys Wanga, EGH on 19th February 2025**. This modern facility has significantly expanded the range of specialized services we are able to offer and positions the hospital as a centre of excellence in the region.

In addition, progress was made in strengthening our health information systems to improve efficiency and support evidence-based decision-making. These developments, combined with improved patient care processes, have laid a solid foundation for the hospital's continued growth.

### **Challenges**

Despite these achievements, the hospital encountered several challenges. Limited resources posed difficulties in fully implementing some planned projects, especially in further infrastructure expansion. Rising operational costs exerted financial pressure, requiring us to strike a careful balance between affordability and sustainability. The hospital also faced shortages in specialized personnel, which at times constrained our capacity to meet increasing demand. Furthermore, the growing community demand for healthcare services occasionally exceeded our current capacity.

### **Future Outlook**

The hospital is committed to building on its successes while proactively addressing challenges. Moving forward, our priority will be to maximize the benefits of the newly completed specialized block, further strengthen human resources, and continue to innovate in service delivery and information management. With these steps, Tom Mboya Memorial Level 4 Hospital will continue to play a pivotal role in delivering quality and affordable healthcare to the community.

### **Regulatory Environment**

The hospital continues to operate within the framework of Kenya's legal, policy, and institutional guidelines governing the health sector. The Constitution of Kenya, 2010, guarantees the right to the highest attainable standard of health, including reproductive health care and emergency medical treatment. Further, the Health Act 2016 provides a unified framework for the regulation, coordination, and financing of healthcare services.

### **Sector Alignment**

Our work aligns with Kenya's national development priorities. Universal Health Coverage (UHC), one of the pillars of the Big Four Agenda, seeks to guarantee access to affordable healthcare for all citizens, primarily through the SHA scheme. Additionally, Vision 2030 underscores the goal of ensuring equitable, affordable, and quality healthcare for all Kenyans under the social pillar.

### **Acknowledgement**

On behalf of the Board, I extend our sincere gratitude to all stakeholders particularly the County Government of Homa Bay, the Ministry of Health, the Social Health Authority (SHA), and our development partners—for their continued support. I wish to acknowledge with deep appreciation the commitment of our staff, specialists, team leaders, and Board members, whose dedication and service reflect our hospital's mission and values.

*Tom Mboya Memorial level 4 Hospital (Homa Bay County Government)*  
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As we begin a new financial year, I am confident that with the momentum gained from our achievements, including the successful completion and official opening of our new specialized block, Tom Mboya Memorial Level 4 Hospital is well positioned to grow stronger and continue delivering exceptional healthcare to our community.



Mr. Julius Jagero

**Chairperson – Board of Management**

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

I am pleased to present the Annual Report and Financial Statements of Tom Mboya Memorial Level 4 Hospital for the fiscal year ended 30th June 2025. This report highlights the hospital's operational achievements, financial performance, and strategic progress during the year under review.

### **Operational Performance**

Our hospital remains steadfast in its commitment to providing high-quality, specialized healthcare services to the community. With the support of a highly skilled and dedicated clinical team, we continued to deliver care that is safe, timely, efficient, equitable, and patient-centered.

During the reporting period, a total of 9,568 patients were treated at the hospital 2,952 inpatients and 6,616 outpatients. Compared to the previous year, outpatient visits rose by 39.7%, while inpatient admissions increased by 25.9%. This steady growth demonstrates the community's growing trust in our services and the hospital's expanding capacity to meet patient needs.

We also achieved notable improvements in health outcomes, with a measurable reduction in the hospital's mortality rate. This reflects the effectiveness of our interventions, the availability of better equipment, and the dedication of our medical staff to delivering the highest standards of care.

### **Infrastructure Development**

A significant milestone during the year was the **completion and official commissioning of the new Dental Unit, Physiotherapy, and Optic Block**. The facility, which was officially opened by **H.E. the Governor Gladys Wanga, EGH on 19th February 2025**, has greatly expanded our range of specialized services and improved access to diagnostic and rehabilitative care. This development marks a turning point in the hospital's infrastructure modernization and positions the facility to better respond to the evolving healthcare needs of the community.

### **Financial Review**

The hospital's financial sustainability continues to be supported mainly by internally generated revenue, with cost-sharing income remaining the largest contributor. For the year under review, we generated Kshs.27.2 million against a target of Kshs.36.2 million. Although this fell below target, it represents a substantial increase of over 90% compared to the previous year's revenue of Kshs.19.5 million.

This remarkable growth was driven by several key factors:

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- The introduction of the **Social Health Authority (SHA) insurance scheme** by the government, which expanded coverage and enabled more patients to access hospital services.
- The commissioning of the **new Dental Unit, Physiotherapy, and Optic Block**, which attracted additional patients due to the availability of advanced diagnostic and therapeutic services.
- Improved efficiency in revenue collection, including better billing systems and stricter monitoring of patient accounts.
- Increased demand for healthcare services in the region, driven by population growth and greater confidence in the quality of care provided at our hospital.

Despite these positive developments, several challenges constrained revenue growth. Staffing shortages limited our capacity to handle the increasing patient load. Broader economic pressures, including rising inflation, reduced patients' disposable income, causing some to delay or forgo treatment. In addition, adjustments in cost-sharing agreements and delayed reimbursements from insurance providers, including NHIF and SHA, further constrained cash flow during the period.

**Looking Ahead**

The hospital will continue to build on these successes by leveraging the newly opened block to expand service offerings, strengthening human resource capacity, and modernizing systems to improve efficiency. These measures will help enhance financial sustainability while ensuring the delivery of high-quality, accessible, and affordable healthcare services to our community.



.....  
**Mr. Robert Nyatieno**

**Medical Superintendent**

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

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity’s performance against predetermined objectives.

Tom Mboya Memorial Level 4 Hospital has Five Objectives within the current CIDP of the Homa Bay County Government they are as follows;

**OBJECTIVES;**

1. To offer quality healthcare services under one roof in a most effective and efficient for the satisfaction of the customer.
2. Constructions of Dental unit, Physiotherapy and optic block.
3. To attain financial sustainability
4. To strengthen the human resource capacity.
5. To develop the facility health management information system

Tom Mboya Memorial Level 4 Hospital develops its annual work plans based on the above 5 objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the year ended 30th June 2024 for its strategic pillars, as indicated in the table below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar- To Provide Integrated Accessible and Quality HealthCare Services Through Effective and Efficient Infrastructure, Training Research and Partnership.	1. To offer quality Health Services under one roof in a most effective and efficient to the satisfaction of the customer.	-To reduce referrals to other facilities. -To diversify range of services offered by the Hospital. -To fast-track efficiency and staff satisfaction with modern	-Establish quality healthcare standards. (accreditation) -Strengthen client follow up mechanism and systems (Referral clinics established). -	-Improved quality of Healthcare. - Expanded client base. -Improved Facility reputation. -

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		facility.	Strengthen partnership with communities, public and private sectors. -Initiate provider driven insurance	Strengthened partnership with communities, public and private sector.
2.Constructions of Dental unit, Physiotherapy and optic block	-To improve access to specialized diagnostic and therapeutic services for patients -To enhance the quality of healthcare services by providing state-of-the-art facilities and equipment	-Increased capacity for diagnostic and therapeutic services -Reduced patient wait times for radiology and therapy services. - Increase in the number of patients served.	- Design and approval of building plans - Tendering and procurement - Construction and equipping the blocks - Staff recruitment and training - Installation of new diagnostic equipment and therapy machines	completion and official commissioning of the new Dental Unit, Physiotherapy, and Optic Block. The facility, which was officially opened by H.E. the Governor Gladys Wanga, EGH on 19th February 2025
	2.To attain financial sustainability	-Cost rationalization. Institutionalize resource mobilization. - Enhance internal control mechanism. -Diversification of revenue generation streams.	-Conduct market survey for cost of commodities during the tendering process. - Incorporating various modes of revenue generation cash, N.H.I.F,	-All our clients are able to receive services irrespective of mode of healthcare financing.
	3. To strengthen the human resource capacity.	-Staff retention. Full potential and optimal utilization of staff. -To enhance Hospital performance by training and	-Keep staff informed of any development in the hospital through circulars. -Holding regular meetings. -Holding weekly	-Improved service delivery. -Improved staff retention.

		<p>motivation of staff.</p> <ul style="list-style-type: none"> <li>-Upscale leadership and management for increased performances.</li> </ul>	<p>continuous medical education.</p> <ul style="list-style-type: none"> <li>-Staff appraisal system in place.</li> <li>-Collaborating with external Orthopaedic surgeons for Provision of Orthopedic services.</li> </ul>	
	<p>4. To develop facility Health Management information system</p>	<ul style="list-style-type: none"> <li>- Focus on partnership with other Health Service Providers for technical support.</li> <li>-Up scaling quick and efficient service delivery. -ICT Systems in place.</li> <li>-Build staff ICT capacity.</li> <li>-Improve access to ICT materials.</li> </ul>	<ul style="list-style-type: none"> <li>-Upgrade ICT systems.</li> <li>-Build staff ICT Capacity by training.</li> <li>-Improve access to IEC materials.</li> </ul>	<ul style="list-style-type: none"> <li>-Efficient data collection, Management and dissemination.</li> <li>-Improved diagnosis and treatment.</li> <li>-Improved access to relevant health infrastructure and data.</li> </ul>
	<p>5. Modernize infrastructure, machinery and equipment</p>	<ul style="list-style-type: none"> <li>-To develop an infrastructure master plan.</li> <li>- Fully equip the facility.</li> </ul>	<ul style="list-style-type: none"> <li>-To develop a master plan.</li> <li>-Obtain equipment and maintain through the MESS Program.</li> </ul>	<ul style="list-style-type: none"> <li>-Investor identified by the county government to help with development of master plan. MESS Program under the National Government operation.</li> </ul>



## **8. Corporate Governance Statement**

Tom Mboya Memorial Level 4 Hospital Board of management has responsibilities, Functions, structures and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

### **Appointment and Removal of Board Members**

Appointment of Board members is as prescribed under the County Government's finance Bill, 2012. Appointments are made every three years. However, a member may be removed from office under specific circumstances, such as being declared unfit to hold public office due to a conviction in a court of law, being declared bankrupt, or engaging in actions contrary to public policy. Additionally, a member may choose to leave the office voluntarily by submitting a resignation to the appointing authority or by publicly renouncing their membership.

### **Duration of BOM Membership**

Apart from ex-officio members, each BOM member holds office for a period of three years. Members are eligible for reappointment for one additional term, allowing them to serve a maximum of six years if reappointed.

### **Board Meetings Attendance**

The BOM is required to meet once per quarter, totalling four meetings annually. The committee maintains detailed records of its deliberations, which are submitted to the County Health Committee at the end of each quarter. A quorum for these meetings is established when five members, including the secretary, are present.

In the year under review, Board meetings held were strictly as per the Board Almanac for committees and full Board. There were no special meetings.

### **Induction and Training**

The Homa Bay County Health Committee is responsible for organizing the induction and training of Hospital Board Members. This training is crucial to ensure that members fully understand their oversight roles, thereby facilitating the smooth operation of the health facilities.

### **Role of the Board**

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board of management. The board through its committees provides strategic direction while the facility in-charge assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

#### **Board Sub-Committees**

- a) Finance and General-Purpose committee
- b) Quality and curative committee
- c) Audit Committee

### **Board Remuneration**

The Office of the Chief Officer, Department of Health Services, determines the rates for paying allowances to Hospital Board Members and Health Management Committees. These allowances

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are paid based on availability of funds and are limited to four board or committee meetings per year.

<b>ALLOWANCE</b>	<b>PAYEE</b>	<b>LEVEL 5 HOSPITALS KSH</b>	<b>LEVEL 4 HOSPITALS KSHS</b>	<b>LEVEL 2 &amp; 3 HOSPITALS KSHS</b>
<b>Sitting Allowance</b>	Chairperson	7500	4000	2000
<b>Sitting Allowance</b>	Members	5000	2500	1500
<b>Lunch where non is provided</b>	Chairperson and members	1000	500	500

**Conflict of Interest**

Declaration of conflict of interest is a standing agenda in all meetings of the Board and its committees.

## 9. Management Discussion and Analysis

Tom Mboya Memorial Level 4 Hospital has been a cornerstone of healthcare in Homabay County, offering a wide array of specialized healthcare services to local residents as well as patients from neighbouring counties. Below is a summary of the key clinical and operational performance indicators for the financial year 2024/25. The data illustrates trends and comparisons over the past three years.

Indicator	2021/22	2022/23	2023/24	2024/25	% Change (2023/24 vs. 2024/25)
<b>Overall Patient Attendance</b>					
<b>Outpatient (No. of Patients)</b>	4,302	4,300	5,251	6,616	+25.9%
<b>Inpatient (No. of Patients)</b>	1,920	5,124	2,112	2,952	+39.7%
<b>Average Length of Stay (ALOS) (Days)</b>	3	2.8	2-3	2-3	Improved Efficiency
<b>Bed Occupancy Rate</b>	75%	78%	70%	80%	
<b>Mortality Rate (Per 1000 patients)</b>	2	2	2	4	Stable

### Bed Capacity

The hospital's bed capacity stands at 65 beds, ensuring adequate space for inpatient care. The high bed occupancy rate of 80% during the 2024/25 period reflects the significant demand for healthcare services at the facility, demonstrating the hospital's prominence in the region. However, it also signals potential challenges related to overcrowding, requiring continual assessment to optimize resource use.

### Accident and Emergency Attendance

The Accident and Emergency Department has consistently recorded high attendance numbers, especially in response to road accidents, trauma cases, and emergency referrals from rural health centres.

### Specialised Clinic Attendance

The hospital runs several specialized outpatient clinics, including maternity, paediatrics, and eye surgical clinics, among others. These clinics have contributed to the rise in outpatient attendance, with a 22% increase noted during the 2024/25 period.

### Mortality Rate

The mortality rate at the hospital during the period under review was 4. This figure represents the proportion of patients who unfortunately did not survive while being treated.

### Sponsorships and Partnerships

Tom Mboya Memorial Level 4 Hospital continues to benefit from various sponsorships and partnerships with governmental and non-governmental organizations. These collaborations have ensured the continuous supply of medical resources, improved infrastructure, and training opportunities for staff.

**Financial Performance**

The facility’s main revenue sources are Facility Improvement Fund (FIF) charged on patients served in the facility on cashless basis or insurance that is SHA and NHIF. In the FY 2024/25, the facility raised Kshs 27,244,268 as medical service income.

The hospital’s financial performance has seen steady growth, primarily due to increased revenue from both outpatient and inpatient services. Below is a summary of the hospital's financial performance for the financial year 2024/25.

Indicator	2021/22	2022/23	2023/24	2024/25	% (2023/24 2024/25)	Change vs.
<b>Revenue Sources</b>						
Patient Fees (Ksh)	9M	23M	19M	27.2M	43.2%	
<b>Utilisation of Funds</b>						
Staff Salaries (Ksh)	0.6M	0.9M	1.6M	2.6M	62.5%	
Medical Supplies (Ksh)	1.5M	5.2 M	6.0 M	9.3M	55%	

Patient fees grew by 43.2% from KSh 19M to KSh 27.2M, reflecting higher service uptake. Staff salaries rose by 62.5% and medical supplies by 55.0%, driven by increased staffing needs and higher patient volumes.

**Utilisation of Funds**

Utilization of funds is well captured in the financial statement and can be followed from the table below all the way to notes to accounts.

**Key Investments and Projects**

Construction of Dental unit, optic and physiotherapy building: Investments in state-of-the-art diagnostic and surgical equipment, ensuring that patients receive timely and accurate treatments.

Staff Training Programs: Ongoing partnerships have led to the provision of specialized training for healthcare providers, improving the overall efficiency and service quality.

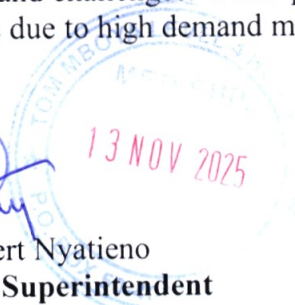
**Compliance with Statutory Requirements**

The hospital remains compliant with all statutory and financial obligations. The hospital has maintained timely submission of financial reports.

**Major Risks**

The hospital faces the ongoing risk of fluctuating medical supply prices and limited government funding pose financial risks that need to be managed proactively.

The clinical and financial performance for Tom Mboya Memorial Level 4 Hospital indicates both progress and challenges. While patient numbers and service delivery have improved, the strain on resources due to high demand must be addressed to maintain the quality of healthcare services.



Mr. Robert Nyatieno  
**Medical Superintendent**

## **10. Environmental And Sustainability Reporting**

Tom Mboya Memorial Level 4 Hospital exists to transform lives. It is what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence.

Below is an outline of the organization's policies and activities that promote sustainability.

### ***i) Sustainability strategy and profile***

The top management especially the accounting officer refers to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### ***ii) Environmental performance***

The organization has environmental policy in the county environment department guiding the facility. The hospital also manages its waste within the facility through public health in collaboration with the department of environment. During the year under review the facility did maintenance for the existing incinerator.

In addition, the facility through Infection Prevention Control focal (IPC) person manages the facility waste from the point of generation to safe disposal. This has been achieved by provision of colour coded bins, liners and safety boxes well arranged as per the IPC guidelines or Standard Of Operations (SOPs)

### ***iii).Employee welfare***

The hospital implements policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. It also ensures that employees are supported in improving skills and managing careers, appraisal and reward systems. The organization has in place policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

### ***iv) Market place practices***

#### **a) Responsible competition practice.**

The hospital engaged in fair and ethical competition with other healthcare providers, focusing on delivering quality care rather than undermining competitors. It avoided deceptive practices, respected intellectual property, and prioritized patient well-being over aggressive market tactics.

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

The hospital ensured that all procurement and supplier interactions were ethical, transparent, and aligned with its commitment to quality care. It selected suppliers based on fair practices, maintained open and honest communication, and prioritized sustainability and social responsibility in all supply chain activities.

**c) Responsible marketing and advertisement**

The hospital ensures all marketing materials are accurate, truthful, and respectful, protecting patient confidentiality and complying with all regulatory standards. By focusing on transparency, cultural sensitivity, and professional integrity, the hospital builds trust and promotes informed patient decisions.

**d) Product stewardship**

The hospital ensured responsibility for the entire lifecycle of the products and services it offered, safeguarding consumer rights and interests by maintaining rigorous quality control, transparent communication about benefits and risks, and responsible disposal practices. It also educated consumers on the proper use and potential impacts of its products and services, prioritizing their safety and well-being at every stage

**Policy guiding hiring process**

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which are forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

### **Efforts made in improving skills and managing careers**

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression. Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organization from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department. Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programs are based on identified needs and normally emphasizes on training for performance improvement. Training programs comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body. For new staff who have joined the County, Induction Training is expected to help them familiarize with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

### **Appraisal and reward system**

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. An appraisal system is also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans include the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description. The appraisals period covers one (1) year starting 1st July to 30th June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

### **Reward System**

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

### **Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)**

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, firefighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Firefighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

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

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

### **Principal activities**

The principal activities of the entity are:

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

### **Results**

The results of the entity for the year ended June 30<sup>th</sup> June 2025 are on page 1-40

### **Board of Management**

The members of the Board who served during the year are shown on page viii. During the year under review, no board member retired/ resigned and none was appointed.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Tom Mboya Memorial Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 nominated by the Auditor General to carry out the audit of the Tom Mboya Memorial Level 4 Hospital for the year ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

By Order of the Board



.....  
**Mr. Robert Nyatieno**

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

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Tom Mboya Memorial Level 4 Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the year and the operating results of the hospital for that year. The Board of Management is also required to ensure that Tom Mboya Memorial Level 4 Hospital keeps proper accounting records, which disclose with reasonable accuracy the financial position of the hospital. The board members are also responsible for safeguarding the assets of the Tom Mboya Memorial Level 4 Hospital.

The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the year ended 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 hospital;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of Tom Mboya Memorial Level 4 Hospital's transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

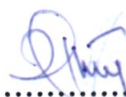
Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital's financial statements were approved by the Board on 13/11/2025 and signed on its behalf by:



.....  
**Mr. Julius Jagero**  
**Chairperson**  
**Board of Management**



.....  
**Mr. Robert Nyatieno**  
**Accounting Officer**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON TOM MBOYA MEMORIAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF HOMABAY**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements for Tom Mboya Memorial Level 4 Hospital – County Government of Homabay set out on pages 1 to 39, which comprise of

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*Report of the Auditor-General on Tom Mboya Memorial Level 4 Hospital for the year ended 30 June, 2025- County Government of Homabay*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of Tom Mboya Memorial Level 4 Hospital as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Understatement of Receivables**

The statement of financial position reflects total current assets balance of Kshs.10,648,130, with a Nil balance relating to receivables from non-exchange transactions as disclosed in Note 19 to the financial statements. The audit of the cash book and bank statement revealed that Tom Mboya Memorial Level Four Hospital collected and remitted to the special purpose account (SPA) a total of Kshs.25,517,020 and received back Kshs.20,316,336, resulting to outstanding receivables from the special purpose account (SPA) amount of Kshs.5,200,684 which should be recognized as receivables from SPA in the financial statements.

In circumstance, the accuracy and completeness of receivables from non-exchange transactions could not be confirmed.

### **2. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property plant and equipment balance of Kshs.15,253,133 as disclosed in Note 21 to the financial statements. However, the audit revealed that the hospital had various buildings and staff quarters that were not included in the asset register and financial statement, casting doubt on the accuracy and completeness on the balance of property, plant and equipment. Further, the facility stood on a parcel of land of unknown size, value and whose ownership could not be confirmed as there is no any documentation on it.

In circumstances, accuracy, completeness and propriety on the balance of property, plant and equipment of Kshs 15,253,133 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tom Mboya Memorial Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis amount of Kshs.36,262,392 and Kshs.27,256,660 respectively, resulting in an under-funding of Kshs.9,005,732 or 25% of the budget. Similar, the Hospital recurrent expenditure amounted to Kshs.26,342,014 made up of recurrent expenditure of Kshs.20,710,768 and capital expenditure of Kshs.5,631,246 against the realized revenue of Kshs.27,750,392, resulting in an under-utilization of Kshs.914,646 or 3% of the realized revenue.

In the circumstances, the under-funding and under-utilization may have impacted negatively on delivery of health services to the public.

My opinion is not modified in respect of these matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following six (6) issues remained unresolved:

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Budget Control and Performance
2	2023/2024	Stalled Project
3	2023/2024	Non-Compliance with Minimum Required Criteria for Level 4 Hospital
4	2023/2024	Lack of Approved Strategic Plan
5	2023/2024	Failure to Deduct and Remit Statutory Deductions
6	2023/2024	Lack of a Risk Management Policy

## **Other Information**

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

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

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

## **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. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital**

Review of revenue records obtained from the Tom Mboya Memorial Hospital revealed total collection of Kshs.27,244,268 towards the health facilities improvement. Out of this amount, a total of Kshs.25,517,020 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.20,316,336 to the health facilities resulting in a deficit of Kshs.5,200,684 This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the County Special Purpose Account (SPA) was in breach of the law

## 2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs of Kshs.2,699,310. However, during the year under review, the Hospital engaged thirteen (13) casuals with contracts running for 12 months from 1 July, 2024 to 30 June, 2025. This was contrary to Section B.16 of the County Public Service Human Resource Manual, May 2013 which require casuals not to be engaged for more than three months.

In circumstances, Management was in breach of the Law.

## 3. Failure to Open Facility and Improvement Bank Account

Review of the bank account documents revealed that management has only one operations account and has not opened a facility improvement bank account as required by the law.

In circumstances, Management was in breach of the Law.

## 4. Non-Compliance with Universal Health Coverage (UHC) Requirement for Level 4 Hospitals

Review of the operations and records revealed that the Hospital operated below the set standards as per the Kenya Quality Assurance Model for Health Checklist for level 4 hospitals. The following deficiencies in implementation of Universal Health Care program were observed:

### 4.1 Inadequate Staffing Requirements

The Hospital did not meet the necessary requirements for staffing outline as shown below:

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Medical officers	16	0	16
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Pediatricians	2	0	2
Radiologists	2	0	2
Registered nurses	75	8	67

### 4.2 Inadequate Level 4 Hospital Equipment

The hospital had shortages of the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Resuscitative	3	0	3
New born unit incubators	5	0	5

*Report of the Auditor-General on Tom Mboya Memorial Level 4 Hospital for the year ended 30 June, 2025- County Government of Homabay*

New born unit cots	5	0	5
ICU beds	6	0	6
HDU beds	6	0	6
Renal unit with 5 dialysis machines	5	0	5
Functional operation theatres	2	0	2
Beds	150	66	84

The deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards 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. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

In circumstances, the effectiveness of the medical services offered and the Universal Health Coverage program could not be confirmed

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 are in compliance, 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. Competency of the Board

The audit revealed that Tom Mboya Memorial Level 4 Hospital gazette eight (8) member Board on 2nd February 2024, however the advertisements for the positions of board members, personal files for Board members and minutes were not provided for review. In addition, the financial statements provided for audit, under non-financial information on Corporate Governance Statement, a paragraph on role of the board disclosed that the hospital had three committees, which were Finance and General-Purpose committee, Quality and Curative Committee and Audit Committee. However, the audit established

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*Report of the Auditor-General on Tom Mboya Memorial Level 4 Hospital for the year ended 30 June, 2025- County Government of Homabay*

that no board member is a financial expert with qualifications and expertise in financial management or accounting, casting doubt on the recruitment selection and competency of the board on financial matters.

In circumstances, competency of the board on financial matters could not be confirmed.

## **2. Ineffective Audit Committee**

The audit revealed that while the entity had been audited once by the Homa Bay County Executive internal auditor for the period under review, the audit committee never sat to review the hospital's risk profile, internal controls nor discussed the report of the internal audit or the external audit.

In circumstances, the effectiveness of the audit committee in discharging their mandate and assurance under effectiveness of internal controls, risk management and governance could not be confirmed.

## **3. Lack of Key Management Policies and Procedures**

During the period under review, the management did not institute policies and procedures to guide key financial and managerial processes and controls for management such as risk management policy and risk management framework, disaster recovery plan or business continuity plan and fire and emergency preparedness policy to guide the operations in the areas of revenue, expenditure, personnel, inventory and liabilities for the effective and efficient running of the hospital, and to cushion and/or guarantee business continuity.

In circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

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

## **Responsibilities of Management and the Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how the 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 Gathanga, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**01 December, 2025**

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

Description	Note	2024/25 FY	2023/24 FY
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from Other Government Entities	6	20,316,336	-
In-kind contributions from the County Government	7	4,449,157	3,644,488
<b>Total</b>		<b>24,765,493</b>	<b>3,644,488</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	37,892,398	865,523
Miscellaneous Income	9	-	20,898,398
<b>Revenue from exchange transactions</b>		<b>37,892,398</b>	<b>21,763,921</b>
<b>Total revenue</b>		<b>62,657,891</b>	<b>25,408,409</b>
<b>Expenses</b>			
Medical/Clinical costs	10	9,351,830	7,922,953
Employee costs	11	2,699,310	1,879,250
Board of Management Expenses	12	78,500	79,000
Depreciation and amortization expense	13	1,987,519	1,166,114
Repairs and maintenance	14	474,900	2,623,300
Grants and subsidies	15	25,517,020	-
General expenses	16	3,914,675	4,682,030
<b>Total expenses</b>		<b>44,023,754</b>	<b>18,352,647</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>18,634,137</b>	<b>7,055,762</b>

*(The notes set out on pages 7 to 39 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 13-11-2025 and signed on its behalf by:

.....

**Mr. Julius Jagero**  
**Chairman**  
**Board of Management**

*[Signature]*  
 .....

**Miss. Winnie A Okoto**  
**Head of Finance**  
**ICPAK No:**

*[Signature]*  
 ..... 13 NOV 2025

**Mr. Robert Nyatiemo**  
**Medical Superintendent**

*Tom Mboya Memorial Level 4 Hospital (Homa Bay County Government)  
Annual Report Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/25 FY	2023/24 FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	914,646	12,392
Receivables from exchange transactions	18	10,648,130	2,511,900
Receivables from non-exchange transactions	19	-	-
Inventories	20	2,385,025	2,416,136
<b>Total Current Assets</b>		<b>13,947,801</b>	<b>4,940,428</b>
<b>Non-current assets</b>			
Property, plant, and equipment	21	15,253,133	13,107,598
<b>Total Non-current Assets</b>		<b>15,253,133</b>	<b>13,107,598</b>
<b>Total assets (A)</b>		<b>29,200,934</b>	<b>18,048,026</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	1,429,095	6,071,732
<b>Total Current Liabilities</b>		<b>1,429,095</b>	<b>6,071,732</b>
Total non-current liabilities		-	-
<b>Total Liabilities (B)</b>		<b>1,429,095</b>	<b>6,071,732</b>
<b>Net assets (A-B)</b>		<b>27,771,839</b>	<b>11,976,294</b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		25,689,899	11,360,931
Capital Fund		2,081,940	615,363
<b>Net Assets</b>		<b>27,771,839</b>	<b>11,976,294</b>

(The notes on pages 7 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 13<sup>th</sup> NOV 2025 and signed on its behalf by:

.....  
**Mr. Julius Jagero**  
 Chairman  
 Board of Management

.....  
**Miss. Winnie A Okoto**  
 Head of Finance  
 ICPAK No:

.....  
**Mr. Robert Nyatieno**  
 Medical Superintendent

*Tom Mboya Memorial Level 4 Hospital (Homa Bay County Government)  
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**16. Statement of Changes in Net Assets for The Year Ended 30 June 2025**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	3,444,943	1,466,577	4,915,201
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	7,055,762	615,363	7,671,125
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	10,500,705	2,081,940	12,582,645
At July 1, 2024	-	10,500,705	2,081,940	12,582,645
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	18,634,137	-	18,634,137
Capital/Development grants	-	-	-	-
At June 30, 2025	-	29,134,842	2,081,940	31,216,782

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

Description	Note	2024/25	2023/24
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Rendering of services- Medical Service Income		572,142	865,523
Miscellaneous receipts (SHA/ NHIF Claim Receipts)		26,672,126	18,386,498
<b>Total Receipts</b>		<b>27,244,268</b>	<b>19,252,021</b>
<b>Payments</b>			
Medical/Clinical costs		8,528,754	6,017,646
Employee costs		2,590,350	1,681,250
Board of Management Expenses		78,500	79,000
Repairs and maintenance		474,900	2,612,000
Grants and subsidies		5,200,684	
General expenses		3,837,580	3,808,934.50
<b>Total Payments</b>		<b>20,710,768</b>	<b>14,198,830.50</b>
<b>Net cash flows from operating activities</b>	23	<b>6,533,500</b>	<b>5,053,191.50</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(5,631,246)	(5,800,000)
<b>Net cash flows used in investing activities</b>		<b>(5,631,246)</b>	<b>(5,800,000)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(-)	(-)
<b>Net cash flows used in financing activities</b>		<b>(-)</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>902,254</b>	<b>(746,830)</b>
Cash and cash equivalents as at 1 July	17	12,392	759,202
<b>Cash and cash equivalents as at 30 June</b>	17	<b>914,646</b>	<b>12,392</b>

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

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% of utilisation</b>
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	12,392	-	12,392	12,392	-	
<b>Receipts</b>		-				
Transfers from the County Government		-	-	-	-	
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	900,000		900,000	572,142	327,858	63.6 %
Revenue from rent of facilities	-	-	-	-		-
Miscellaneous receipts (SHA/NHIF Claim Receipts)	35,350,000	-	35,350,000	26,672,126	8,677,874	75.4%
<b>Total receipts</b>	<b>36,262,392</b>	<b>-</b>	<b>36,262,392</b>	<b>27,256,660</b>	<b>9,005,732</b>	<b>75.2%</b>
<b>Payments</b>		-			-	
Medical/Clinical costs	11,360,000	-	11,360,000	8,528,754	2,831,246	75.1%
Employee costs	3,000,000	-	3,000,000	2,590,350	409,650	86.3%
Remuneration of directors	150,000	-	150,000	78,500	71,500	52.3%
Repairs and maintenance	2,200,000	-	2,200,000	474,900	1,725,100	21.6%
Grants and subsidies	6,000,392	-	6,000,392	5,200,684	799,708	86.7%
General expenses		-				76.1%

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	5,040,000		5,040,000	3,837,580	1,202,420	
Finance costs	-	-	-	-		-
Refunds	-	-	-	-		-
<b>Total Operational Expenditure paid</b>	<b>27,750,392</b>	-	<b>27,750,392</b>	<b>20,710,768</b>	<b>7,039,624</b>	74.6%
<b>Capital Expenditure paid</b>	8,512,000	-	8,512,000	5,631,246	2,880,754	66.2%
<b>Surplus</b>	-	-	-	<b>902,254</b>	<b>(902,254)</b>	

**Budget notes**

Overall revenue performance stood at **75.2% of budget**, with medical service income underperforming at 63.6% due to fewer patient visits and the transition from NHIF to SHA, while NHIF/SHA claims reached 75.4% owing to delayed settlements and claim rejections.

Overall expenditure utilisation was **74.6%**, mainly due to procurement delays, deferred maintenance works, and cost control measures, while employee costs were lower from unfilled positions and board remuneration reduced due to fewer meetings. As a result, the hospital realised a surplus of Kshs **0.91** million for the year.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	902,254
1	Budget carryover from previous year	12,392
	Closing Cash and Cash Equivalent as per the statement of Cash flows	914,646

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

### **1. General Information**

Tom Mboya Memorial Level 4 Hospital entity is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Provide affordable and accessible universal health coverage.

### **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 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.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>IPSAS 43 will result in a significant shift in how leases are accounted for, particularly for medical equipment, facilities, and other leased assets. The hospital will need to recognize ROU assets and lease liabilities on the balance sheet, which may lead to increased complexity in accounting, higher reported liabilities, and changes in financial performance metrics. However, this will also provide a more transparent view of the hospital's lease obligations, helping stakeholders understand the financial impact of leasing arrangements.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

Standard	Effective date and impact:
Operations	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>IPSAS 44 will help hospital management and external stakeholders make better-informed decisions regarding the hospital's financial health and strategic direction.</p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>IPSAS 45 will likely lead to changes in how the hospital recognizes and measures certain assets, particularly heritage and infrastructure assets. This may result in increased transparency and better reflection of the hospital true financial position.</p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="443 1697 1417 1845">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="443 1868 1417 1957">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="443 1980 1417 2027">iii. Amending where appropriate guidance across IPSAS related to</li> </ol>

Standard	Effective date and impact:
	<p>measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>IPSAS 46 will lead to more consistent and relevant measurement practices within the hospital, enhancing the accuracy and transparency of financial reporting.</p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>IPSAS 47 is likely to lead to a more comprehensive and coherent approach to revenue recognition within the facility, enhancing the clarity and usefulness of financial information.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>IPSAS 48 will enhance accountability and assist in financial management, hospitals will need to prepare for the operational changes and training required to comply with the new standard by the effective date.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the</p>

Standard	Effective date and impact:
	<p>financial statements that should be presented by a retirement benefit plan.</p> <p>IPSAS 49 It will improve transparency, ensuring that all stakeholders, including employees and oversight bodies, have a clearer understanding of the retirement benefit plan's financial health.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p>IPSAS 50 will require the entity to recognize and disclose exploration and evaluation costs as assets where appropriate, subject them to regular impairment reviews, and provide clearer disclosures on related amounts, timing, and risks. This may increase reported assets and equity initially, but future impairments could reduce them, while improving transparency and stakeholder understanding of the entity's resource activities.</p>

*iii) Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

###### **Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Tom Mboya Memorial Level 4 Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on 1<sup>st</sup> July, 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 facility did not record additional appropriations on the FY 2024/2025 budget following the Board's approval. The facility budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

The intangible asset relates to upgrade of the Software (Hospital Information Management System) which is a work in progress and has been partially paid. No amortization has been provided because it is still work in progress.

*Notes to the Financial Statements (Continued)*

**h. 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.

**i. 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.

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

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics

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

#### **Subsequent measurement**

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

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in

surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 18*.

## **Financial liabilities**

### **Classification**

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

#### **j. 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.

#### **k. 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)**

**l. 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.

**m. 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.

**n. 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.

**o. Nature and purpose of reserves**

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

**p. 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)*

**q. 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.

**r. 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.

**s. 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.

**t. Related parties**

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

**u. Service concession arrangements**

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

**v. 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.

**w. Comparative figures**

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

**x. 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.

**Notes to Financial Statements Continued**

**6. Transfers From Other Government Entities**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from the County Government	20,316,336	-
Transfer from Institute	-	-
<b>Total Transfers</b>	<b>20,316,336</b>	<b>-</b>

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

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	1,977,791	3,644,488
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,471,366	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>4,449,157</b>	<b>3,644,488</b>

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

Description	2024/25 FY	2023/24 FY
	Kshs	Kshs
Pharmaceuticals	275,582	300,618
Laboratory	49,010	58,060
Inpatient and general paediatrics services	225,190	471,313
Outpatient services	5,150	3,670
Ambulance services	-	16,067
Maternity	-	-
Theatre	-	-
Medical Health records	17,210	15,795
Insurance recoveries (Receipts NHIF/SHA Claims)	26,672,126	-
Receivables	10,648,130	-
<b>Total revenue from the rendering of services</b>	<b>37,892,398</b>	<b>865,523</b>

**9. Miscellaneous Income**

Description	2024/25 FY	2023/24 FY
	KShs	KShs
Insurance recoveries	-	18,386,498
Receivables (Accrued Insurance Income)	-	2,511,900
<i>Others (Specify)</i>		-
<b>Total Miscellaneous income</b>	<b>-</b>	<b>20,898,398</b>

**10. Medical/ Clinical Costs**

Description	2024/25 FY	2023/24 FY
	Kshs	Kshs
Laboratory chemicals and reagents	1,431,890	1,198,070
Food and Ration	2,826,058	2,217,000
Uniform, clothing, and linen	-	-
Dressing and non-pharmaceuticals	1,593,214	414,400
Pharmaceutical supplies	2,332,592	2,095,576
Sanitary and cleansing Materials	198,000	92,600
Health information stationery (medical records)	147,000	-
Accrued Medical/Clinical costs	823,076	1,905,307
<b>Total medical/ clinical costs</b>	<b>9,351,830</b>	<b>7,922,953</b>

**11. Employee Costs**

Description	2024/2025 FY	2023/24 FY
	Kshs	Kshs
Salaries, wages, and allowances	2,590,350	1,644,300
Contributions to pension schemes	-	
Staff medical expenses and Insurance cover	-	36,950
Accrued Employee costs	108,960	198,000
<b>Employee costs</b>	<b>2,699,310</b>	<b>1,879,250</b>

**12. Board of Management Expenses**

Description	2024/25 FY	2023/24 FY
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	78,500	79,000
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>78,500</b>	<b>79,000</b>

**13. Depreciation and Amortization Expense**

Description	2024/25 FY	2023/24 FY
	Kshs	Kshs
Property, plant and equipment	1,987,519	1,166,114
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>1,987,519</b>	<b>1,166,114</b>

**14. Repairs And Maintenance**

Description	2024/25 FY	2023/24 FY
	Kshs	Kshs
Property- Buildings	108,400	2,257,000
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	336,500	355,000
Maintenance of civil works	-	-
Accrued repairs and maintenance	-	11,300
<b>Total repairs and maintenance</b>	<b>474,900</b>	<b>2,623,300</b>

**15. Grants And Subsidies**

Description	2024/25FY	2023/24 FY
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Other grants and subsidies (Transfer to County Government)	25,517,020	-
<b>Total grants and subsidies</b>	<b>25,517,020</b>	<b>-</b>

**16. General Expenses**

Description	2023/24 FY	2023/24 FY
	Kshs	Kshs
Bank charges	80,883.25	92,63
Electricity expenses	261,303	221,000
Daily Substances Allowance	143,600	155,000
General Office Supplies	662,800	452,500
Printing and stationery	570,870	97,000
Contracted Guard Service	1,241,000	684,000
Water and sewerage costs	208,300	126,400
Telephone and mobile phone services	40,200	27,000
Staff Uniforms	60,000	-
Medical Records	-	176,000
Domestic Travel	30,000	135,000
Internet expenses	-	-
Refined Fuel - Transport	395,874	530,635
Other Fuel	142,750	149,130
Computers & Printers Supplies Accessories	-	-
20% Retention at SPA account	-	962,640
Accrued General Expenses	77,095	873,095
<b>Total General Expenses</b>	<b>3,914,675</b>	<b>4,682,030</b>

**17. Cash And Cash Equivalents**

Description	2024/25 FY	2023/24 FY
	KShs	KShs
Current accounts Kenya Commercial bank	914,646	12,392
Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b>914,646</b>	<b>12,392</b>

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

Description		2023/24 FY	2022/23 FY
Financial institution	Account number	KShs	KShs
a) <b>Current account</b>			
Kenya Commercial bank	1164404172	914,646	12,392
<b>Sub- total</b>			12,392
b) <b>Others(specify)</b>			
cash in hand		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>914,646</b>	<b>12,392</b>

**18. Receivables From Exchange Transactions**

Description	2024/25 FY	2023/24 FY
	KShs	KShs
Medical services receivables	10,648,130	2,511,900
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total receivables</b>	<b>10,648,130</b>	<b>2,511,900</b>

### Expected credit Loss (ECL) Rates

TMMLH applies Expected Credit Loss (ECL) rates to estimate the probability of default on its receivables. The ECL rates are calculated based on past default experiences, forward-looking information, and adjustments for economic conditions. The rates applied to the receivables categories for the 2023/24 period are:

Receivable Category	ECL Rate	Explanation
Less than 1 year	5%	Based on historical data of timely NHIF payments and low risk of default.
Between 1-2 years	15%	Aged receivables have a higher probability of default, increasing credit risk.
Over 2 years	25%	Older receivables carry a significantly higher risk of non-collection.

### Method of Arriving at ECL in Line with IPSAS 41

Under **IPSAS 41** (Financial Instruments), the ECL model is applied to measure impairment on financial assets. The hospital evaluates the credit risk of its receivables based on historical default rates, payment delays, and forward-looking economic factors.

- **Historical Data:** Collection rates from NHIF and the county government over the past three years were analysed to estimate potential defaults.
- **Economic Factors:** Changes in the health sector's funding, NHIF's solvency, and any fiscal constraints in Homa Bay County Government that may affect payments are considered.
- **Risk Categorization:** Receivables are categorized based on their aging (less than 1 year, between 1-2 years, and over 2 years), with increasing ECL rates applied as the risk of non-collection rises with time.

No specific impairment allowance has been applied for the periods under review, but the facility closely monitors the receivables and will adjust provisions if credit risks escalate.

### Analysis of Receivables From Exchange Transactions

Description	2024/25 FY		2023/24 FY	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	10,648,130	100%	1,731,900	99.4%
Between 1- 2 years	-	%	780,000	0.6%
Between 1- 2 years	-	%	-	%
Over 3 years	-		-	
<b>Total (a+b)</b>	<b>10,648,130</b>	<b>100%</b>	<b>2,511,900</b>	<b>100%</b>

**19. 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	(-)	(-)
<b>Total</b>	-	-

**Analysis of Receivables From Non-Exchange Transactions**

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

**20. Inventories**

Description	2024/25 FY	2023/24 FY
	KShs	KShs
Pharmaceutical supplies	1,774,900	2,046,086
Food supplies	150,000	118,210
Non-pharmaceutical supplies	140,572	-
Health records	24,000	-
Laboratory supplies	295,553	251,840
<b>Total</b>	<b>2,385,025</b>	<b>2,416,136</b>

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**Detailed disclosure on inventories**

	2024/25 FY	2023/24 FY
Opening balance	2,416,136	-
Additional Inventory in the year	9,351,830	2,416,136
Inventory expensed in the year	(9,382,941)	(-)
Write-downs in the year	-	-
Others, specify	-	-
Closing balance	2,385,025	2,416,136

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**21. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Hospitality and office equipment	IT equipment	Plant and machinery (equipment)	Leasehold Intangible Assets (IP)	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2023 (previous year)	-	3,173,700	850,000	230,000	436,012	700,000	-	5,389,712
Additions	-	-	-	-	-	-	8,884,030	8,884,030
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	<b>3,173,700</b>	<b>850,000</b>	<b>230,000</b>	<b>436,012</b>	<b>700,000</b>	<b>8,884,030</b>	<b>14,273,742</b>
At 1 July 2024 (current year)	-	3,173,700	850,000	230,000	436,012	700,000	8,884,030	14,273,742
Additions	-	10,033,940	-	287,000	175,000	1,355,000	-	11,850,940
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	(8,884,030)	(8,884,030)
Revaluation Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	<b>13,207,640</b>	<b>850,000</b>	<b>517,000</b>	<b>611,012</b>	<b>2,055,000</b>	<b>-</b>	<b>17,240,652</b>
<b>Depreciation and impairment</b>								
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
year)								
Depreciation for the year		706,560	212,500	28,750	130,804	87,500	-	<b>1,166,114</b>
Disposals		(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	-	(-)
<b>At 30 June 2024</b>		<b>706,560</b>	<b>212,500</b>	<b>28,750</b>	<b>130,804</b>	<b>87,500</b>	-	<b>1,166,114</b>
At July 2024 (current year)		<b>706,560</b>	<b>212,500</b>	<b>28,750</b>	<b>130,804</b>	<b>87,500</b>	-	<b>1,166,114</b>
Depreciation		264,153	159,375	64,625	76,377	256,875	-	<b>821,405</b>
Disposals		(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-		(-)
<b>At 30<sup>th</sup> June 2025</b>		<b>970,713</b>	<b>371,875</b>	<b>93,375</b>	<b>207,181</b>	<b>344,375</b>	-	<b>1,987,519</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2024 (previous)	-	637,500	2,467,140	201,220	305,208	612,500	8,884,030	13,107,598
At 30 <sup>th</sup> Jun 2025 (current)	-	12,236,927	478,125	423,625	403,801	1,710,625	-	15,253,133

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

**22. Trade and other Payables**

Description	2024/25 FY		2023/24 FY	
	KShs		KShs	
Trade payables-Medical cost	823,076		1,905,307	
Trade payables -Employee dues	108,960		198,000	
Trade payables -General office expense	77,095		873,095	
Trade payables -Motor vehicle maintenance expense	-		11,300	
Trade payables -Construction works	419,964		3,084,030	
<b>Total trade and other payables</b>	<b>1,429,095</b>		<b>6,071,732</b>	
<b>Ageing analysis:</b>	<b>2023/24</b>	<b>% of the Total</b>	<b>2022/23</b>	<b>% of the total</b>
Under one year	1,352,000	94.6%	2,675,057	44.06%
1-2 years	77,095	5.4%	3,396,675	55.94%
<b>Total</b>	<b>1,429,095</b>	<b>100%</b>	<b>6,071,732</b>	<b>100%</b>

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

**23. Cash Generated from Operations**

<b>Description</b>	<b>2024/25 FY</b>	<b>2023/24 FY</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year before tax	18,634,137	7,055,762
<b>Adjusted for:</b>		
Depreciation	1,987,519	1,166,114
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(6,966,805)	(2,416,136)
Increase in receivables	(8,550,446)	(1,759,095)
Increase in deferred income	-	-
Increase in payables	1,429,095	1,006,546
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>6,533,500</b>	<b>5,053,191</b>

**24. Financial Risk Management**

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

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

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial

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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	2,511,900	2,511,900	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	12,392	12,392	-	-
<b>Total</b>	<b>2,524,292</b>	<b>2,524,292</b>	-	-
<b>At 30 June 2025</b>				
Receivables from exchange transactions	10,648,130	10,648,130	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	914,646	914,646	-	-
<b>Total</b>	<b>11,562,776</b>	<b>11,562,776</b>	-	-

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

**(ii) Liquidity risk management**

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	198,000	962,047	4,911,685	6,071,732
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>-Total</b>	<b>198,000</b>	<b>962,047</b>	<b>4,911,685</b>	<b>6,071,732</b>
<b>At 30 June 2025</b>				
Trade payables	366,666	-	1,092,249	1,429,095
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
<b>Total</b>	<b>366,666</b>	<b>-</b>	<b>1,092,249</b>	<b>1,429,095</b>

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices

denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

### **Foreign currency sensitivity analysis**

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

#### **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.

#### **Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs186,341 (2024: KShs70,558). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs931,707 (2024 - KSh 352,788).

The hospital's interest rate sensitivity analysis shows the effect on surplus if interest rates change. A 1% shift gives the base effect; a 5% shift shows an extreme scenario. The note highlights how dependent the hospital's financial performance is on interest rate changes.

**iv) Capital Risk Management**

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

**25. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the Hospital include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. HomaBay County Government is the principal shareholder of Tom Mboya Memorial Level 4 Hospital, holding 100% of the facility equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

The related parties include:

- i) The National Government;
- ii) HomaBay County Government;
- iii) The Parent Ministry of Health
- iv) Other SCs and SAGAs
- v) Board of Directors;
- vi) Key Management

**26. Events after the Reporting Period**

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

**27. Ultimate and Holding Entity**

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

**28. Currency**

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

## 20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>1. Stalled Project</b></p> <p>The statement of financial position reflects property, plant and equipment at net book value of Kshs.7,556,428 which includes work in progress balance of Kshs.5,800,00 as disclosed in note 20 to the financial statements. However, review of records provided in support of the balance revealed that the project contract was initiated, advertised and awarded without sufficient budgetary provision with a contract number TMHS/OINT/44/2022-2023 at a sum of Kshs.8,884,300. Payments made to date amounted to Kshs.5,800,000 leaving a balance of Kshs.3,084,300. Though the contractor has issued an invoice of the whole contract sum, physical</p>	<p>Management wishes to state and confirms that the project was eventually completed and officially commissioned on 19<sup>th</sup> February 2025 by H.E. The Governor of Homa Bay County, Gladys Wanga. The contractor has received part payment of the outstanding balance. The facility has withheld the retention sum in accordance with the directives issued by the Department of Public Works, as a safeguard to ensure any post-completion issues are addressed</p>	Resolved	

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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)
	<p>verification revealed that the work is yet to be completed way after the elapse of the contract period, including painting, window panes not fitted. The project is yet to be completed and the contractor has since abandoned the site.</p> <p>In the circumstances, the value for money on Kshs.5,800,000 could not be confirmed</p>			
	<p><b>2.Non-Compliance with Minimum Required Criteria for Level 4 Hospital</b> According to the Kenya Quality Model for Health Checklist designed for Level 4 hospitals, the recommended staffing should consist of one hundred and one (101) staff per hospital, comprising sixteen (16) Medical Officers, two (2) Anesthesiologists, two (2) General Surgeons, two (2) Gynecologists, two (2) Pediatricians, two (2) Radiologists, and seventy-five (75) Kenya Registered Community Health Nurses, alongside other essential professions.</p>	<p>Management acknowledges the current staffing gaps but emphasizes its ongoing efforts to align with the required standards for a Level 4 hospital. The hospital has made significant investments in facilities, infrastructure, and services, most notably through the commissioning of a new medical block by H.E. Governor Gladys Wanga, which includes: -An eye clinic unit, A physiotherapy unit and A dental unit. These additions underscore the County's commitment to expanding healthcare service</p>	Not Resolved	

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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)
	<p><b>3.Lack of Approved Strategic Plan</b> The Hospital did not have an approved strategic plan contrary to Section 149(2)(g) of Public Finance Management Act, 2012 requires Accounting Officer of a county government entity to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government</p>	<p>delivery. Management further notes that efforts are underway to source funding and resources necessary to address the personnel shortfalls and fully meet the required staffing levels.</p>	Not Resolved	
	<p><b>4.Failure to Deduct and Remit Statutory Deductions</b> The statement of financial performance reflects employee costs of Kshs.1,879,250 as disclosed in note 11 of the financial statement. Upon review of the payroll, the statutory deductions for NSSF were not</p>	<p>The management wishes to state and confirms that the issue has since been resolved. The facility is now regularly deducting and remitting NSSF contributions in</p>	Resolved	

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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)
	deducted and remitted to the relevant authorities	compliance with legal requirements.		
	<p><b>5.Lack of a Risk Management Policy</b> Tom Mboya Memorial Level 4 Hospital has not put in place risk management policy, strategies, and risk register to mitigate against risk. Lack of risk management framework and risk register indicates that they have not taken proactive steps to identify, assess, and mitigate potential risks that their daily operations might face. Therefore, their resilient to potential threats and uncertainties could not be ascertained</p>	<p>The management wishes to state that the facility is currently in the process of developing a draft Risk Management Policy, which is currently under internal review. Once finalized, it will be submitted for approval by the Homa Bay County Assembly.</p>	Not Resolved	

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**Guidance Notes:**

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

  
.....  
**Accounting Officer**  
MAY 2025



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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						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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		

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**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