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REPORT

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KIJAURI LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF NYAMIRA



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Kijauri Level 4 HOSPITAL (Nyamira County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MOH	Medical officer of Health
CHMT	County Health Management Team
SCMOH	Sub- County Medical officer of Health
AIE	Authority to Incur Expenditure
FY	Financial Year
SHIF	Social Hospital Insurance Fund
IPSAS	International Public Sector Accounting Standards

2. Key Entity Information and Management

(a) Background information

Kijauri sub-county Hospital is a level 4 hospital established under gazette notice number 786 of 4 TH February of 2020 and is domiciled in Nyamira County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The mission of the hospital is to provide accessible affordable and quality preventive, promotive, curative and rehabilitative services in an effective and efficient manner.

The vision of the hospital is to be a center of excellence in provision of health care services in Nyamira

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Mr. Jeremiah Nyasaka
2.	Head of Accounting Services	CPA Jemimah B Abuga
3.	Head of Supply Chain Management	Ms. Peres Nyakerario Mose
4.	Accounting Officer-Department of Health Services (Medical Services)	Mr. Andrew Ongere Nyakundi
5.	Director Internal Audit	CPA Ann Nyanchama Ongera
6.	Treasury Accountant	Mrs. Sarah Nyauuma
7.	Health Administrative Officer	Ms. Everlyne Kemunto
8.	Hospital Accountant	Ms. Bethseba Bosibori

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i) The County Assembly

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

ii) The Controller of budget

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

iii) County Executive Committee

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

iv) Internal Audit Department

The internal Audit Department of the County Government of Nyamira ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee

Key Hospital information and Management(Continued)

- (f) **Kijauri Sub-county hospital Headquarters**
P.O. Box 1-40500
Nyansiongo, Kenya

- (g) **Kijauri Sub-county hospital Contacts**
E-mail: dmohborabu@yahoo.com
Website: nyamira.go.ke



- (h) **Kijauri Sub-county hospital Bankers**
Kenya Commercial Bank
Keroka branch



- (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
Harambee Avenue
P.O BOX 40112
City Square 00200
Nairobi, Kenya

- (k) **County Attorney**
Office of the County Attorney
County Government of Nyamira
P.O. Box. 434-40500
Nyamira, Kenya




3. The Board of Management




Ref	Directors	Details
1.	 <p data-bbox="248 1019 863 1134">Mr. Jones Moko Omwenga Executive Committee Member: For Finance, Ict And Economic Planning</p>	<p data-bbox="898 393 1225 426"><i>Academic Qualifications</i></p> <p data-bbox="898 473 1442 674">He has a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p data-bbox="898 725 1225 758"><i>Professional Experience</i></p> <p data-bbox="898 805 1442 1130">Prior to his appointment he has served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively in the County Government of Nyamira and Banking sector</p> <p data-bbox="898 1178 1442 1212">He hails from Itibo ward, Nyamira county.</p>
2.	 <p data-bbox="296 1632 820 1758">Dr. Donald Mogoi Executive Committee Member of Health Services.</p>	<p data-bbox="898 1278 1225 1311"><i>Academic Qualifications</i></p> <p data-bbox="898 1358 1442 1515">Dr. Donald Mogoi holds a Master of Science in epidemiology, a post graduate Diploma in Project Management & Bachelors in Medicine & Surgery.</p> <p data-bbox="898 1566 1225 1599"><i>Professional experience</i></p> <p data-bbox="898 1610 1442 1802">He has 19 years' experience in the public health sector, raising from a medical officer to a district medical officer, a county director health and chief officer health services.</p>

<p>3.</p>	 <p>Mr. Alfeo Francis Ateka Hospital Board Chairman</p>	<p>Academic Qualifications</p> <p>He has a Master of Business Administration (Accounting) from University of Eastern Africa, Baraton. Kenya. And a bachelors in business administration -Accounting</p> <p>Professional experience</p> <p>He has worked for 9 years in the University of Eastern African Baraton in various position as general manager- industries, Director of development, Chief accountant.</p>
<p>4.</p>	 <p>Mr. Jeremiah Nyasaka Chef Nursing officer Medical superitendent- secretary</p>	<p>Academic Qualifications</p> <p>He holds a Diploma and certificate in community Health nursing from Kenya Medical College and a certificate in Strengthening Management for Health Systems</p> <p>Professional experience</p> <p>He has worked over 35 years in the department of health of which 26 years has been on the management that is as a facility in charge, KEPI logistician, RH coordinator sub county in charge and medical superintendent.</p>




<p>5.</p>	 <p>MrS. Josphine M Mauti Vice - Chairperson</p>	<p>Academic Qualifications She successfully completed East African Certificate of Examination (form iv) from Masaba High School.</p> <p>Professional experience She is a business lady</p>
<p>6.</p>	 <p>Mrs. Ongoto Jane Nyamoita Sub-county Admin</p>	<p>Academic Qualifications She holds a bachelors degree in Education from Kenyatta University.</p> <p>Professional experience She is currently working as Chief administrator officer at Borabu sub-county in Nyamira county</p>

4. Key Management Team

Ref	Management	Details
1.	 <p>Mr. Jeremiah Nyasaka</p>	Medical Superintendent
2.	 <p>Bethseba Bosibori Msc Finance (Finance and Investment) Bcom (Finance)</p>	Head of finance
3.	 <p>Everlyne Kemunto Diploma in Human Resource Management</p>	Health administrative officer

4.	 <p>Job Igendia Diploma in Medical Laboratory Science</p>	Laboratory in charge
5.	 <p>Evans Okari Bachelors of science in Clinical Medicine and Surgery</p>	Clinician in charge
6.	 <p>Cyprine Moindi BSC Public Health Diploma in Nursing</p>	Nursing officer in charge

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7.	 <p>Robert Misati Higher National Diploma Medical Engineering</p>	Bio-Medical Engineer
8.	 <p>Rose Ondigi Diploma in Social Work and Community Development Diploma in Psychology</p>	Social Worker
9.	 <p>Diana Ongera Bachelors in Clinical and Community Nutrition Diploma in clinical and community Nutrition</p>	Hospital Nutritionist
10.	Zipporah Okara	Pharmaceutical technologist in charge
11.	Ruth Obegi	Health Records and information officer
12.	Josphine Mabeya	Hospital Public health officer

5. Chairman's Statement

Kijauri Sub County Hospital located at Nyansiongo, Borabu, Kenya is a Sub -county level 4 hospital, regulated by Ministry of Health under registration number 13692.

The County Governments of Nyamira under the able leadership of His Excellency Amos Nyaribo appointed the Board of management for the hospital and ensured that the Board members, have the requisite competencies to enhance performance and efficiency in the hospitals as the driving force for the public service delivery on behalf of the governor, in line with the result based management and he as articulated that, to achieve a "healthy and productive county with equitable access to quality health care, accountability is key and paramount.

The new board will impress the change management theory of "Kurt Lewin" which has three steps. 1) Implementing a radical change (unfreeze), 2) Reduce disruption of operations structure (change), and 3) Permanent adoption of change (refreeze).

This will ensure that the devolution of health services to the lowest level is well executed, operational and function to the great good of the community, has is envisioned by the governor.

The Kenyan Government has implemented several public finance management reforms in response to increased demand for greater transparency and accountability in the utilization of resources within devolved healthcare units.

Health is included in Vision 2030 as a social pillar in which the country's aim is to provide an efficient integrated and high-quality affordable health care for all citizen with a priority being given to preventive care at the community and household levels using a decentralized national health care system strategy.

A). Infrastructure Development:

As the hospital was recently upgraded, it has acquired health facilities which indeed has seen a continued improvement of services at Kijauri hospital and this include, the acquisition of medical equipment's:

- A new x-ray unit, and
- A functional operating theatre.

The health board has of recent put strategic plans in collaboration with the county government through our governor to complete a storey building which is incomplete and affecting the x-ray unit room on the ground floor which is leaking and for sure we know our able governor who has done tremendous job at the hospital, will assist us to complete building and have our machine in a conducive environment.

B). Service Delivery:

Because of the enhanced and improved facilities at the hospital, service delivery has improved and this includes the specialized services and maternity services:

- Outpatient Services: The services at outpatient has improved.
- Inpatient Services: The bed capacity and maternity wing services have improved.
- Specialized Services: The availability and utilization of specialized services like laboratory, pharmacy and surgery has improved the service.

- Immunization and Maternal Health: The coverage of immunization programs and maternal health services has improved

C). Community Engagement:

The new board which was put in place and whose members come from the community, has taken aggressive campaign to sensitize the community about the hospital by providing them with clear and accessible information about their health facility at Kijauri Sub County hospital and different treatment options which are available and which can empower them to make informed decisions to patronize the institution and this will contribute to better health outcomes for the community. To get the best out of the hospital there is need to incorporate and implement proper information and communication to the patients and community.

D). Financial management and Control:

Financial prudence and effective procurement are crucial aspects of sound financial management. Financial prudence involves making careful and responsible financial decisions, and that is the aspect the new board has under taken to turnaround the hospital.

- **Budget Allocation:** The board and management have approved operational budget and expenditure for the hospital under their prudent management

• Revenue Generation:

Kijauri Sub-County Level 4 hospital, like other public health facilities, generate revenue through various sources, including user fees for service

- Mothers' health
- SHA Claims Management
- Primary Health Care – PHC

Primary Health Care: This is the fund which the hospital use to improve the facilities.

The hospital's financial management is a key aspect of its overall governance.

The hospital board of Management is the governing body responsible for overseeing the hospital's operations, including its financial management. It approves the hospital's annual work plans and budgets, ensuring that the hospital is operating efficiently and effectively.

They also ensure that the hospital adheres to financial and procurement rules and regulations.

The board is involved in approving the budget for the hospital's management fund and receiving reports on its utilization.

It ensures that the hospital's financial resources are used responsibly and in accordance with established guidelines.

E). Challenges and Future Plans:

The challenges which are facing the health facility include

- i. Inadequate funding aimed at supporting the planned and initiated activities
- ii. Infrastructure Deficiencies: The dilapidated buildings, inadequate space, and poor maintenance, impacting service delivery.
- iii. The status of water, electricity, and other essential utilities at the hospital which are malfunction affect delivery of services.

F). Future Outlook:

- i. To improve healthcare access to our community members and the patients,
- ii. The board aims to improve the quality, and efficiency through technology adoption. Improving the quality, accessibility and efficiency in health care of our community is the essence of information technology, and controlling escalating costs.
- iii. Strategic planning will include improving services to a required ISO standards, and
- iv. Stakeholder collaboration and Engagement: Effective communication and collaboration among stakeholders, including hospital management, staff, and the community, is crucial for successful implementation of initiatives of the county.

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Alfaeo Francis

Chairman to the Board

6. Report of The Medical Superintendent

Introduction

Kijauri SCH is located in Nyansiongo location of Nyansiongo ward, Borabu Constituency in Nyamira county. It's approximately sitted on a 0.9 acre of land and a coverage population of 9791 persons of Borabu Sub-County. It serves other 24 County healthy facilities that do referrals to it as spokes of health care system and has a 24 hours operation policy.

Executive Summary

This report highlights our hospital situation, service delivery and performance over a period of a year, showcasing areas of improvements, achievements and future plans to expand the facility in order to cope with the everchanging health indicators' dynamics.

Operational Performance

Our hospital offers promotive, preventive, curative and rehabilitative health care services with essential diagnostic services available for 24 hours daily.

We achieved an average of 72 % client satisfaction as evidenced in various health indicators during the appraisal period e.g. hospital deliveries 363 {62%}, pregnant mothers attending at least four visits in antenatal care service 425 {72%} and patients utilizing outpatient services 17598 [180%]

We initiated a weekly continuous medical education forum to capacity build and update our health workforce on new updates and the ever evolving and changing health indicators dynamics.

To promote health living lifestyles and prevent preventive diseases, we installed hand hygiene washing gears in all service delivery points and put up a new burning chamber, ash pit and a placenta pit to contain hospital generated wastes as part of infection prevention and control [IPC] measures. We formed an IPC committee that meets monthly to review and maintain the IPC measures that are in place.

Clinical Staff Governance

Our clinical staff are fully licensed and registered by their respective regulatory bodies as by law established and do attend regular staff appraisals quarterly and annually. We follow clinical guidelines and protocols in managing our patients and clients as set out by the Ministry of Health.

Infrastructure and Facilities

During the period under review, we undertook a facelift of the facility by repainting, constructing a new burning chamber, installing a new power generator that was bought by the County Government of Nyamira, and maintained a functional ambulance.

Our Hospital is secured by a combination of alive fence and a barbed wire fence with one gate manned by a contracted security guard firm for twenty-four hours daily. The hospital has an ambulance that caters for any emergence that may arise.

Challenges and Opportunities

We lack adequate in-patient wards for males, females and children as the construction of the same stalled some three years ago.


Our Hospital lacks a title deed for the land it sits on.

We intend to automate our services in all our service delivery points in the Hospital as currently we are semi-automated in revenue collection only.

We intend to do a power upgrade from a single-phase power line to a three-phase power grid to cater for medical equipment that require high power voltages.

Conclusion:

Our hospital remains committed to providing optimum patient or client centred care, and looking forward in addressing challenges and seek the county support in the completion of the stalled inpatient wings.


.....

Mr. Jeremiah Nyasaka
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Kijauri sub- county Hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2021/22 to FY2025/2026. These strategic pillars are as follows;

Pillar /theme/issue 1: Clinical Services Delivery

Pillar/theme/issue 2: Healthcare Financing and Sustainability

Pillar/theme/issue 3: Human Resource Development

Pillar/theme/issue 4: Medical products, Vaccines and Technology

Pillar/theme/issue 5: Medical products, Vaccines and Technology

Kijauri sub-county hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery	To Establish and enhance good clinical governance	Hospital Drug formulary in place No of stock-out tracer drugs No of prescription reviewed Updated SOPs No of Pharmacovigilance conducted	Rational use of Medications Rational use of blood and blood products Provision of Health products	Hospital Drug formulary in place. Percentage reduction in morbidity and mortality.
	To strengthen Emergency Preparedness	Training reports Committee Minutes	Train staff on Emergency preparedness. Form Emergency Preparedness Committee Conduct Annual Emergency Drill	Staff Trained Committee is in existence. One Emergency drills conducted.
	To ensure Quality Diagnostic Services	Registers Survey reports Client satisfaction report EMR	Expand the scope of 24 hours specialized services Introduce new specialized Services Adhere to Quality Standards	UECs Culture sensitivity etc done 24 hours

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Healthcare Financing and Sustainability	To increase revenue Generation	Revenue Reports %increase in revenue	Diversify Revenue Streams Review User Fee Charges Increase Customer Base Develop Concept papers and proposals to development partners	Revenue improved compared to previous year Review of user fees continuous and on progress More patients have been enrolled to NHIF
	Facilitate prudent Financial Management	Financial Reports percentage increase in Resource allocation to departments	Provide M-Payment Strengthen use of financial and procurement policies and guidelines	M-payment at the Linkage Stage Financial and procurement policies and guidelines in place
Human Resource Development	Improved performance management	Human Resource Department established and functional Human Resource Reports Staff Appraisal Reports	Establish Human Resource Department Conduct Quarterly and Annual Staff Appraisal	Human Resource Department functional Staff Appraisals Done
	Staff Motivation	Staff Satisfaction Report Client Satisfaction Minutes	Staff involvement on decision making	All Staffs are involved in decision making through various committees, HMT, Departmental meeting and staff meeting days.

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Medical products, Vaccines and Technology	Strengthen coordinate and manage medical products supply chain Enhance ethical research activities	% reduction on stock outs Bin cards Complete registers Sops in place.	Annual Forecasting Prepare monthly and Annual Report Develop SOPs for inventory management Prepare documentation of services provided	Forecasting done Annual and monthly reports done Stock outs reduced by 20% SOPs already developed and functional
	Timely provision of health products	Client Satisfaction Availability of Products % of reduction in stock-out	Strengthening of procurement process Implementation of procurement plan Strengthen Commodity Management cycle	Procurement plan in place and functioning Reduction in stock out by approximately 20%
Leadership and Governance	Enhance policy formulation, dissemination and implementation	%increase in hospital performance No of staff Meetings No of HMB meetings	Monthly staff meeting Quarterly Board meeting Implementation of strategic plan	Quarterly board meetings Achieved with Few Special Meetings
	Enhanced Leadership and Governance Capacity	Management Audit Report Board of Survey report	Capacity Building for board senior and middle level managers Develop and implement internal controls	Capacity building done to all level of management Internal controls developed and continuous

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	Networking and Collaboration	No of meetings held with partners No of stakeholders identified	Mapping of stakeholders Exchange and Benchmarking program Consultative meetings with partners and stakeholders	Several Meetings Held Several stakeholders such, KCB Bank, etc
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8. Corporate Governance Statement

Kijauri sub- county Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to the Department of Health Services, County Government of Nyamira for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Nyamira County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years' renewal subject to performance.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget. The full Board meets at least quarterly and the Chairperson is in constant Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

b) Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Main Board held 4 meetings attended by selected members.

c) Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances the allowance is paid as per the government of Kenya allowance circulars and the County Government of Nyamira.

9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of Kijauri sub-county Hospital will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Nyamira. The day-to-day management of the hospital is vested on the Medical Superintendent.

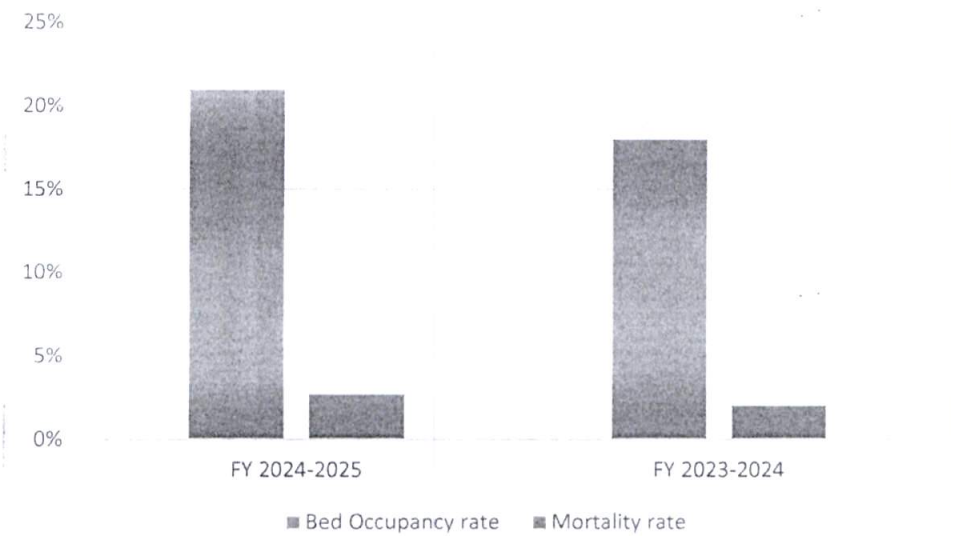
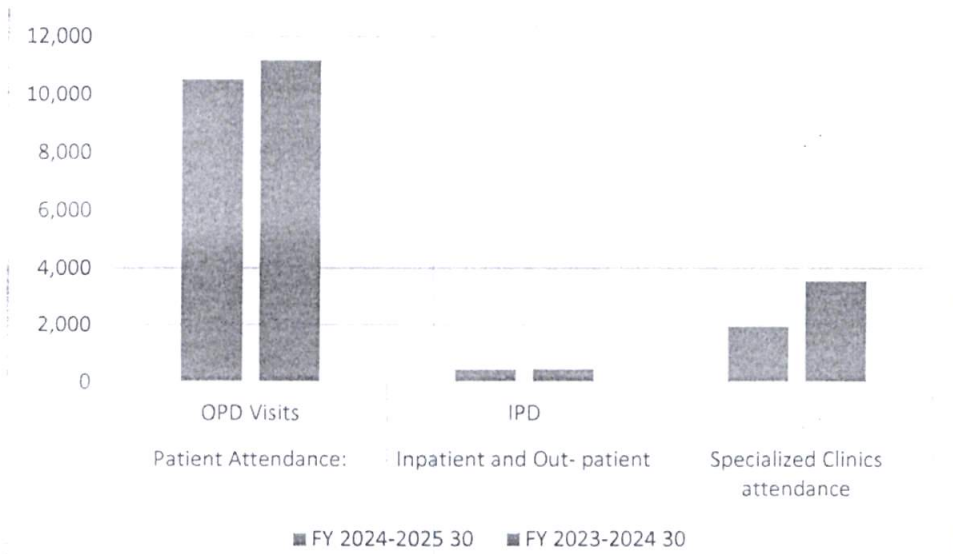
The Medical Superintendent will be assisted in performing the functions of his or her position by the Hospital Management Team (HMT). The HMT is made up of the divisional heads and heads of departments. Kijauri Level 4 Hospital has developed a governance framework defining the respective roles of the HMT members and Management.

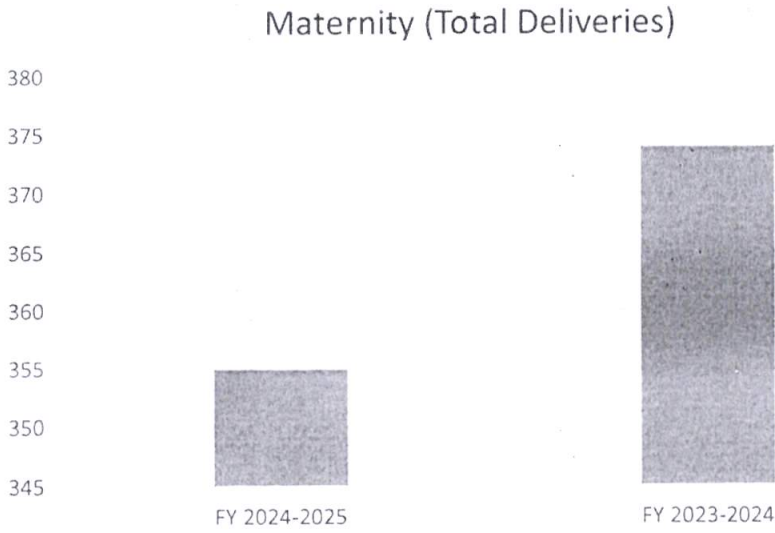
Clinical/operational performance

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)

Sponsorships and partnerships

		FY 2024-2025	FY 2023-2024
Bed capacity		30	30
Patient Attendance: Inpatient and Out- patient	OPD Visits	10,529	11180
	IPD	439	462
Specialized Clinics attendance		1,949	3,541
Average Length of Stay (In-patients) in Days		8 days	5 days
Bed Occupancy rate		21%	18%
Mortality rate		2.7%	2%
Maternity (Total Deliveries)		355	374





10. Environmental And Sustainability Reporting

Kijauri sub-county Hospital is committed to transforming lives by delivering quality, affordable and accessible health care services to the community. The hospital also recognizes its responsibility to protect and conserve the environment, promote the welfare of its employees, uphold ethical market practices and engage with the society. This report outlines the hospital's policies and activities that promote sustainability in the year 2024.

i) Sustainability strategy and profile

The hospital's sustainability strategy is guided by its vision, mission and values, as well as the national and county health policies and plans. The hospital also aligns its sustainability efforts with the United Nations Sustainable Development Goals (SDGs), especially SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

The hospital faces various challenges and opportunities in implementing its sustainability strategy, such as:

- The Covid-19 pandemic, which has increased the demand for health services, strained the resources and capacity of the hospital, and exposed the staff and patients to health and safety risks.
- The climate change, which has caused extreme weather events, such as heavy rains and drought, that affect the availability of water, energy and food, as well as the spread of diseases.
- The population growth, which has increased the need for health services, especially for maternal, child and reproductive health, as well as the prevention and treatment of communicable and non-communicable diseases.
- The technological advancement, which has enabled the hospital to adopt new innovations, such as digital health information systems, laboratory machines, surgical instruments, that have improved the efficiency and effectiveness of service delivery.
- The stakeholder engagement, which has enhanced the collaboration and partnership of the hospital with various actors, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups.

Some of the key achievements of the hospital in its sustainability strategy in the year 2023 include:

- The hospital improved its infrastructure and equipment, with the completion of a new maternity wing, theatre wing. The hospital also acquired new laboratory machines, surgical instruments and medical supplies. These investments enhanced the hospital's capacity and capability to deliver a wide range of services to its patients.
- The hospital strengthened its human resource capacity and capability, with the County posting new staff including doctors, nurses, pharmacists and allied health professionals. The hospital also provided training

and development opportunities for its staff, such as workshops, seminars and mentorship programs. These interventions enhanced the staff's skills, knowledge and motivation.

- The hospital consolidated its partnerships and collaborations with various stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups. The hospital received financial, technical and material support from these partners, as well as participated in joint initiatives, such as outreach programs and advocacy campaigns.

Some of the areas that need improvement in the hospital's sustainability strategy include:

- The Covid-19 pandemic response, which requires more resources and capacity to cope with increased cases of Covid-19 infections, limited supplies of personal protective equipment (PPE), testing kits and vaccines, and psychosocial stress among staff.
- The environmental management, which requires more efforts to reduce the environmental impact of the hospital's operations and products, such as waste management, energy efficiency and carbon footprint reduction.
- The market practices, which require more compliance with ethical standards and regulations in areas such as responsible competition, supply chain management, marketing and advertisement, product stewardship and consumer rights.

The hospital has a clear vision for the future and is determined to achieve its sustainability goals and objectives. Some of the plans for the next year include:

- The hospital will maintain its quality of care and patient safety by implementing best practices, conducting audits and evaluations, obtaining accreditation from relevant bodies and addressing any gaps or weaknesses identified.
- The hospital will expand its access and coverage by increasing its catchment area, establishing satellite clinics, mobilizing community health workers and volunteers and its outreach services.
- The hospital will promote its innovation and research by embracing new technologies, developing new products and services, conducting evidence-based studies and disseminating findings and recommendations.
- The hospital will develop its leadership and governance by strengthening its management structures, systems and processes, enhancing its accountability and transparency mechanisms and fostering a culture of teamwork and collaboration.
- The hospital will improve its environmental performance by implementing a waste management policy, installing solar panels and biogas digesters, conducting an environmental audit and reducing its carbon footprint.
- The hospital will uphold its market practices by complying with the relevant laws, standards and guidelines, ensuring responsible competition, supply chain management, marketing and advertisement, product stewardship and consumer rights.

ii) Environmental performance

The hospital has an environmental policy that guides its operations and products in relation to the environment. The policy states the hospital's commitment to:

- Comply with the applicable environmental laws, regulations, standards and policies.
- Prevent and minimize the environmental impact of its operations and products, such as waste generation, energy consumption, water usage and greenhouse gas emissions.
- Conserve and protect the natural resources and biodiversity in its surroundings.
- Promote environmental awareness and education among its staff, patients and stakeholders.
- Continuously monitor, evaluate and improve its environmental performance.

The hospital has achieved some successes in its environmental performance, such as:

- The hospital improved its infrastructure and equipment, with the construction of a new maternity wing. The new facilities have improved ventilation, lighting and sanitation systems that reduce energy consumption and waste generation.

The hospital also faced some shortcomings in its environmental performance, such as:

- The hospital generated a large amount of waste from its operations and products, such as medical waste, plastic waste, paper waste and food waste. The hospital did not have a comprehensive waste management policy or system that would ensure proper segregation, collection, transportation, treatment and disposal of waste. The hospital also did not have a recycling or reuse program that would reduce waste generation and save costs.
- The hospital consumed a lot of energy from grid electricity and fossil fuels for its operations and products, such as lighting, heating, cooling, refrigeration, laboratory machines and surgical instruments. The hospital did not have an energy efficiency policy or system that would monitor and reduce energy consumption and costs. The hospital also did not have an energy audit or a carbon footprint assessment that would measure and mitigate its greenhouse gas emissions and climate impact.

The hospital is committed to improving its environmental performance by implementing the following actions:

- The hospital will develop and implement a waste management policy that will outline the roles and responsibilities of staff, patients and stakeholders in relation to waste management. The policy will also provide guidelines on how to segregate, collect, transport, treat and dispose of waste according to the type and category of waste. The policy will also encourage recycling or reuse of waste where possible.
- The hospital will conduct an energy audit that will measure the energy consumption and costs of the hospital's operations and products. The audit will also identify areas where energy efficiency can be

improved or alternative sources of energy can be used. The audit will also assess the carbon footprint and climate impact of the hospital's operations and products.

- The hospital will implement energy efficiency measures that will reduce the energy consumption and costs of the hospital's operations and products. These measures may include replacing old or inefficient appliances with new or efficient ones, installing energy-saving devices such as LED bulbs or motion sensors, adjusting thermostats or timers to optimize heating or cooling levels, switching off appliances when not in use or during off-peak hours, etc.

- The hospital will reduce its carbon footprint and climate impact by using renewable sources of energy such as solar panels or biogas digesters, offsetting its emissions through carbon credits or tree planting, and participating in climate action initiatives such as awareness campaigns or advocacy programs.

iii) Employee welfare

The hospital values its employees as its most important asset and strives to provide them with a conducive work environment, fair compensation, career development opportunities, health and safety protection. The hospital has the following policies and practices that guide its employee welfare:

The hospital provides training and development opportunities to its staff, such as workshops, seminars, mentorship programs, online courses. The hospital also supports its staff to pursue further education or specialization in their fields of interest. The hospital conducts regular performance appraisal and feedback for its staff, using a balanced scorecard system that measures the staff's achievements against their set targets and objectives. The hospital ensures the health and safety of its staff by complying with the Occupational Safety and Health Act of 2007 (OSHA), which sets the standards and guidelines for workplace safety and health. The hospital also provides personal protective equipment (PPE), testing kits and vaccines to its staff who are exposed to health risks, such as Covid-19 infections. The hospital also offers psychosocial support and counselling services to its staff who experience stress or trauma in their work.

The hospital fosters a positive work culture and environment by promoting teamwork, collaboration, communication, respect, integrity and professionalism among its staff. The hospital also encourages its staff to participate in social activities, such as sports, clubs, events and celebrations.

Kijauri sub county hospital has welfare in place taking care of its members in times of need.

iv) Market place practices

The hospital adheres to ethical market practices that ensure fair competition, responsible supply chain management, responsible marketing and advertisement, product stewardship and consumer rights.

The hospital has the following policies and practices that guide its market place practices:

The hospital ensures responsible competition practices by complying with the relevant laws, regulations and standards that govern the health sector, such as the Health Act, 2017, the Public Procurement and Asset

Disposal Act, 2015, and the Competition Act, 2010. The hospital also respects the rights and interests of its competitors and avoids any unfair or deceptive practices, such as collusion, price-fixing, bid-rigging or market abuse.

The hospital maintains good business practices and treats its suppliers responsibly by following a transparent and competitive procurement process that ensures value for money, quality and timeliness of goods and services. The hospital also honors its contracts and respects the payment terms and conditions of its suppliers. The hospital also encourages its suppliers to adopt sustainable and ethical practices in their operations and products, such as environmental management, social responsibility and human rights.

The hospital conducts responsible marketing and advertisement by providing accurate, truthful and relevant information about its services and products to its potential and existing customers. The hospital also respects the privacy and confidentiality of its customers and does not disclose or misuse their personal data. The hospital also avoids any misleading or offensive marketing or advertisement that may harm the reputation or dignity of the hospital or its customers.

The hospital ensures product stewardship by delivering safe, effective and quality health care services and products to its customers. The hospital also monitors and evaluates the performance and impact of its services and products on the health outcomes of its customers. The hospital also solicits and responds to the feedback and complaints of its customers and strives to improve their satisfaction and loyalty.

The hospital safeguards consumer rights and interests by complying with the Consumer Protection Act, 2012, which sets out the rights and obligations of consumers and providers of goods and services. The hospital also educates its customers about their rights and responsibilities as consumers of health care services and products. The hospital also provides a mechanism for resolving any disputes or grievances that may arise between the hospital and its customers.

Corporate Social Responsibility / Community Engagement

The hospital is committed to contributing to the social welfare and development of the community in which it operates. The hospital also recognizes its role as a corporate citizen and a partner in achieving the national and county development goals and priorities.

The hospital has the following policies and practices that guide its corporate social responsibility / community engagement:

The hospital follows a stakeholder engagement policy that identifies and prioritizes its key stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations, community groups and media. The policy also defines the objectives, methods and frequency of engagement with each stakeholder group. The policy also ensures that the hospital communicates effectively, transparently and respectfully with its stakeholders and solicits and responds to their feedback and concerns.

The hospital conducts various corporate social responsibility / community engagement activities that address the needs and interests of the community, such as:

Charitable giving: The hospital donates cash and material to support various causes and initiatives in the community, such as education, health, and environment, sports, culture and disaster relief.

Corporate social investment: The hospital invests in projects and programs that create long-term social value and impact in the community, such as health promotion, disease prevention, capacity building, infrastructure development and research.

Other forms of community engagement: The hospital participates in other forms of community engagement, such as volunteering, mentoring, sponsoring, partnering and advocating ie the hospital had 4 dialogue days and monthly CHV meetings. The hospital encourages its staff to volunteer their time and skills to support various community activities and events. The hospital also mentors and sponsors young people from the community who aspire to pursue careers in health or related fields. The hospital also partners with other organizations and groups to implement joint initiatives that benefit the community. The hospital also advocates for issues that affect the health and well-being of the community, such as access to health care, quality of care, health financing, and health policy and health rights.

Kijauri sub- county hospital exists to transform lives. It's 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.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the Kijauri hospital affairs.

Principal activities

The principal activities of the Kijauri level 4 hospital is provision of healthcare services to the general public

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 5

Board of Management

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

Auditors

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

By Order of the Board



.....
Mr. Jeremiah Nyasaka

Secretary to the Board

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 that hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

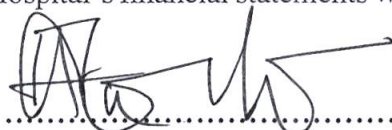
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining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

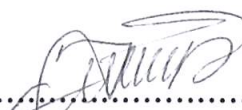
Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 20th August 2025 and signed on its behalf by:



.....
Mr. Alfeo Francis
Chairperson
Board of Management



.....
Mr Jeremiah Nyasaka
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIJAUURI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NYAMIRA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kijauri Level 4 Hospital - Nyamira County set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Kijauri Level 4 Hospital for the year ended 30 June, 2025 – County Government of Nyamira

and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kijauri 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 Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

Unsupported Property, Plant and Equipment Balance

The statement of financial position and Note 20 to the financial statements reflects property, plant, and equipment balance of Kshs.49,332,928. However, the Hospital's assets including land and buildings, motor vehicles, furniture and equipment were not supported by valuation reports.

Further, the ownership documents for the land, buildings and motor vehicles were not provided for audit review. In addition, Management did not maintain an asset register detailing the dates of acquisition, cost, supplier, location, depreciation, unique identification number, disposal and other details for the assets control measures.

In the circumstances, the existence, accuracy and completeness of plant, property and equipment balance of Kshs 49,332,928 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.116,160,764 and Kshs.113,837,762, respectively, resulting to an under-collection of Kshs.2,323,002. Similarly, the Hospital spent Kshs.96,513,227 against actual receipts of Kshs.113,837,762 resulting to under-absorption of Kshs.17,324,535 or 15% of the actual receipts.

The under-absorption affected the implementation of planned activities and programs and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page iii to xxxiii which comprise of Key Entity Information and Management, the Board of management, Key Management Team, Chairman Statement, Report of the medical superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board Management and Statement of board 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 opinion or any form of assurance conclusion thereon

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Report of the Auditor-General on Kijauri Level 4 Hospital for the year ended 30 June, 2025 – County Government of Nyamira

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. Unlawful Transfer of Facility Improvement Funds

The statement of financial performance reflects general expenses amount of Kshs.6,880,671, which includes transfers to other government entities of Kshs.320,400, as disclosed in Note 15 to the financial statements. The transfers contravened section 5(1) of the Facility Improvement Financing Act No. 14 of 2023, which requires Level 1 to 5 facilities to retain all monies raised or received.

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

2. Irregular Operation of Facility Improvement Fund Revenue Account

Review of the bank records revealed that the County Chief Officer (Medical Services) was appointed as the only mandatory signatory to the FIF revenue account, vide letter Ref. No. NCG/F&P/CECM/BANKVOL.IV(19) dated, 24 October, 2024. The Chief Officer Finance and the Head of Accounting Services were included as other signatories to the account. This is contrary to the provisions of section 20(2) of the FIF Act, 2023 which requires that the Medical Superintendent and the Hospital Administrator be the mandatory signatories to the FIF revenue account.

In the circumstance, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the 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. Weak Information Technology Internal Control Environment

Review of the Information Technology Internal Controls revealed that Management had not developed an IT continuity and disaster recovery plan, which could resort to disruption of service. Further, an IT strategic committee for the oversight function and formulation of policies to ensure that the IT investments and functions are directed towards the achievement of the mandate of the Hospital was not formed.

In the circumstances, the reliability and effectiveness of the Hospital Information Technology internal controls could not be confirmed.

2. Poor Implementation of Universal Health Coverage

Review of Hospital records and interviews on services offered, equipment available and medical specialists in the Hospital revealed deficiencies noted below.

i. Staffing

The Hospital had actual establishment of 45 medical staff against the approved establishment of 186 in the various cadres as required by the Kenya Quality Model for Health Policy Guidelines resulting to a deficit of 141 or 76% of the authorized establishment.

ii. Inadequate Infrastructure

The Hospital lacked key infrastructure including a radiology services unit, a Mortuary/cold room, an advanced life support and Staff quarters for at least four (4) persons on duty and therefore failed to offer critical services.

iii. Bed Capacity

The Hospital has a thirty (30) bed capacity against the required one hundred and fifty (150) limiting the in-patient capacity.

The deficiencies imply failure to meet the requirement of the First Schedule of the Health Act, 2017, making accessibility to the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010, not achievable.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

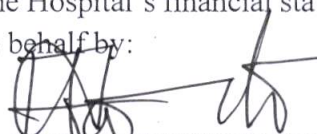
11 December, 2025

Kijauri Level 4 Hospital (Nyamira County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	385,000
In-kind contributions from the County Government	7	71,319,041	2,784,783
Grants from donors and development partners	8	7,459,017	8,005,779
		78,778,058	11,175,562
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	35,059,704	6,494,922
Revenue from exchange transactions		35,059,704	6,494,922
Total revenue		113,837,762	17,670,484
Expenses			
Medical/Clinical costs	10	14,377,048	13,114,747
Employee costs	11	71,254,780	1,632,700
Board of Management Expenses	12	130,500	90,000
Depreciation and amortization expense	13	3,883,606	4,057,988
Repairs and maintenance	14	3,870,228	665,000
General expenses	15	6,880,671	4,273,771
Total expenses		100,396,833	23,834,206
Net Surplus / (Deficit) for the year		13,440,929	(6,163,722)


The Hospital's financial statements were approved by the Board on 20th August 2025 and signed on its behalf by:



 Mr Alfeo Francis
 Chairman
 Board of Management



 CPA: Jemimah Abuga
 Head of Finance
 ICPAK No: 12842

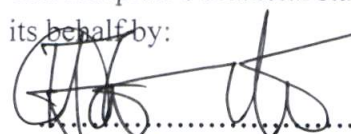


 Mr. Jeremiah Nyasaka
 Medical Superintendent


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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	7,136,806	678,851
Prepayments	17	69,802	0
Receivables from exchange transactions	18	12,154,167	2,574,000
Inventories	19	2,296,291	2,180,170
Total Current Assets		21,657,066	5,433,021
Non-current assets			
Property, plant, and equipment	20	49,332,928	53,081,534
Total Non-current Assets		49,332,928	53,081,534
Total assets (A)		70,989,994	58,514,555
Liabilities			
Current liabilities			
Trade and other payables	21	1,287,587	3,178,415
Total Current Liabilities		1,287,587	3,178,415
Total Liabilities (B)		1,287,587	3,178,415
Net assets (A-B)		69,702,407	55,336,140
Represented by:			
Accumulated surplus/Deficit		7,277,207	(6,163,722)
Capital Fund		62,425,200	61,499,862
Net Assets		69,702,407	55,336,140


The Hospital's financial statements were approved by the Board on 20th August 2025 and signed on its behalf by:



Mr Alfeo Francis
 Chairman
 Board of Management



CPA: Jemimah Abuga
 Head of Finance
 ICPAK No: 12842



Mr. Jeremiah Nyasaka
 Medical Superintendent

Kijauri Subcounty Hospital (Nyamira County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-		62,425,200	61,499,892
Surplus/(deficit) for the year	-	(6,163,722)	-	(6,163,722)
As at June 30, 2024	-	(6,163,722)	62,425,200	56,261,478
At July 1, 2024	-	(6,163,722)	62,425,200	56,261,478
Revaluation gain	-			0
Surplus/(deficit) for the year	-	13,440,929		13,440,929
Capital/Development grants	-			0
At June 30, 2025	-	7,277,207	62,425,200	69,702,407

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	385,000
Rendering of services- Medical Service Income		22,905,537	3,920,922
Total Receipts		22,905,537	4,305,922
Payments			
Medical/Clinical costs		5,455,370	1,753,165
Employee costs		1,398,400	1,346,500
Board of Management Expenses		130,500	90,000
Repairs and maintenance		3,870,228	665,000
General expenses		5,593,084	1,952,576
Total Payments		16,447,582	5,807,241
Net cash flows from operating activities		6,457,955	(1,501,319)
Net increase/(decrease) in cash and cash equivalents		6,457,955	(1,501,319)
Cash and cash equivalents as at 1 July 2024		678,851	2,180,170
Cash and cash equivalents as at 30 June 2025		7,136,806	678,851

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
In kind contributions from the County Government	20,630,000	50,990,000	71,620,000	71,319,041	300,959	99%
Grants from donors and development partners	2,000,000	6,000,000	8,000,000	7,459,017	540,983	93%
Rendering of services- Medical Service Income	6,655,161	29,885,603	36,540,764	35,059,704	1,481,060	96 %
Total receipts	29,285,161	86,875,603	116,160,764	113,837,762	2,323,002	98%
Payments						
Medical/Clinical costs	3,194,041	20,330,963	23,525,004	14,377,048	9,147,956	61%
Employee costs	22,000,000	58,786,700	80,786,700	71,254,780	9,531,920	88%
Remuneration of directors	90,000	55,000	145,000	130,500	14,500	90%
Repairs and maintenance	1,480,250	2,710,720	4,190,970	3,870,228	320,742	92%
General expenses	2,520,870	4,992,220	7,513,090	6,880,671	632,419	92 %
Total Operational Expenditure paid	29,285,161	86,875,603	116,160,764	96,513,227	19,647,537	83%

19. Notes to the Financial Statements

1. General Information

Kijauri hospital is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Nyamira County Government and is domiciled in xxx County in Kenya. The hospital's principal activity is offering preventive, promotive and curative services.

2. Statement of Compliance and Basis of Preparation

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the 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</p>

Standard	Effective date and impact:
	under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and 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>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public</p>

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

iii) Early adoption of standards

The hospital did not early – adopt any new or amended standards in the financial year 2024-2025

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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.

b. Budget information

The original budget for FY 2024/2025 was approved by Board. 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. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from; or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

d. Investment property

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

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

e. Property, plant and equipment

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

- i. Land – 0%
- ii. Building and civil works – 4%
- iii. Motor vehicle – 25%
- iv. Furniture, fittings and office equipment's – 12.5%
- v. ICT equipment's – 30%
- vi. Plant and medical equipment's – 12.5%

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.

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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).

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

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.

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 imprest 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.

6. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred to of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Nyamira County Government	0	0	0	0	385,000
Total	0	0	0	0	385,000

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical supplies-Drawings Rights (KEMSA)	1,462,661	2,784,783
Salaries	69,856,380	
Total grants in kind	71,319,041	2,784,783

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Other grants (USAID)	7,459,017	8,005,779
Total grants from development partners	7,459,017	8,005,779

9. Rendering of Services-Medical Service Income

Description	FY2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	411,570	375,790
Non-Pharmaceuticals	122,320	0
Laboratory	381,790	386,500
Radiology	74,000	135,000
Outpatient	107,550	166,350

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Inpatient	119,930	54,510
SHIF Reimbursement	21,688,377	2,802,772
Outstanding SHIF	12,154,167	2,574,000
Total revenue from the rendering of services	35,059,704	6,494,922
Cash flow adjustments		
Receivable from exchange transactions	(12,154,167)	(2,574,000)
Cash flow adjustments	22,905,537	3,920,922

10. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	295,750	323,520
Food and Ration	747,000	470,000
Uniform, clothing, and linen	455,000	0
Dressing and Non-Pharmaceuticals	549,290	214,400
Pharmaceutical supplies	2,228,330	865,665
Health information stationery	620,000	305,000
Sanitary and cleansing Materials	297,000	145,600
Purchase of Medical gases	263,000	0
Other medical related clinical costs (In Kind Contribution and grants)	8,921,678	10,790,562
Total medical/ clinical costs	14,377,048	13,114,747
Cash flow adjustments		
In Kind Contribution	(1,462,661)	(10,790,562)
Grants	(7,459,017)	0
Payables	0	(571,020)
Cash flow medical costs	5,455,370	1,753,165

11. Employee Costs

Description	FY2024-2025	FY 2023-2024
	Kshs	Kshs
Casual wages	1,398,400	1,632,700
Salaries	69,856,380	
Employee costs	71,254,780	1,632,700
Cash flow adjustments		
Payables	0	(286,200)
Cash flow employee costs	1,398,400	1,346,500

12. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Sitting allowance	130,500	90,000
Total	130,500	90,000

13. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	3,883,606	4,057,988
Total depreciation and amortization	3,883,606	4,057,988

14. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	2,122,200	0
Medical equipment	789,100	470,000
Furniture and fittings	70,000	0
Computers and accessories	60,000	45,000
Motor vehicle expenses	828,928	150,000
Total repairs and maintenance	3,870,228	665,000

15. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Catering expenses	213,650	0
Insecticides and rodenticides	45,300	0
Staff tea	0	30,000
Bank charges	50,884	27,076
Contracted services	2,647,587	2,497,587
Electricity expenses	440,000	537,365
Fuel and Lubricants	630,000	220,000
Travel and accommodation allowance	1,393,700	85,000
Printing and stationery	976,750	194,000
Water and sewerage costs	25,000	31,243

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Telephone and mobile phone services	137,400	21,500
Transfer to other government entities	320,400	630,000
Total General Expenses	6,880,671	4,273,771
Cash flow adjustments		
Payables	(1,287,587)	(2,321,195)
Cash flow general expenses	5,593,084	1,952,576

16. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	7,136,806	678,851
Total cash and cash equivalents	7,136,806	678,851

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1152800469	6,934,157	678,851
	1331462592	202,649	0
Total		7,136,806	678,851

17. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Electricity	69,802	0
Total	69,802	0

18. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	12,154,167	2,574,000
Total receivables	12,154,167	2,574,000

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	12,154,167	%	2,574,000	%
Total (a+b)	12,154,167	%	2,574,000	%

19. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	968,910	1,608,539
Food supplies	45,430	10,250
Non-pharms	728,963	0
Laboratory materials	552,988	561,381
Total	2,296,291	2,180,170

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20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 1 July 2023	5,000,000	29,760,000	3,000,000	350,000	168,000	18,861,522	57,139,522
Depreciation for the year		(1,190,400)	(750,000)	(43,750)	(50,400)	(2,023,438)	(4,057,988)
At 30 June 2024		28,569,600	2,250,000	306,250	117,600	16,838,084	53,081,534
At July 2024	5,000,000	28,569,600	2,250,000	306,250	117,600	16,838,084	53,081,534
depreciation		(1,142,784)	(562,500)	(38,281)	(35,280)	(2,104,761)	(3,883,606)
Additions				135,000			135,000
At 30th June 2025	5,000,000	27,426,816	1,687,500	402,969	82,320	14,733,323	49,332,928
Net book values							
At 30 th Jun 2024	5,000,000	28,569,600	2,250,000	306,250	117,600	16,838,084	53,081,534
At 30 th Jun 2025	5,000,000	27,426,816	1,687,500	402,969	82,320	14,733,323	49,332,928

21. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	1,287,587		3,178,415	
Total trade and other payables			xxx	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	1,287,587	100 %	2,000,000	63%
1-2 years	0	0	1,178,415	37%
Total	1,287,587	100%	3,178,415	100%

22. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	13,440,929	(6,163,722)
Adjusted for:		
Depreciation	3,883,606	4,057,988
Working Capital adjustments		
Increase in receivables	(12,154,167)	(2,574,000)
Increase in payables	1,287,587	3,178,415
Net cash flow from operating activities	6,457,955	(1,501,319)

23. 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

- (ii) The hospital 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, considering 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.
- (iii) 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 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
At 30 June 2024				
Trade payables	0	1,010,828	2,167,587	3,178,415
Total	0	1,010,828	2,167,587	3,178,415
At 30 June 2025				
Trade payables	700,000	0	587,587	1,287,587
Total	700,000	0	587,587	1,287,587

(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 hospital 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 hospital 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 hospital'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.

iv) Capital Risk Management

The objective of the hospital's capital risk management is to safeguard the Hospital's ability to continue as a going concern. **Related Party Balances**

24. Related Party Balances

Nature of related party relationships

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

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

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

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)
1	Presentation of financial statements	The management concurs with the auditors report on statement of comparion budget. The variance of ksh 70, 000 was as a result of budget adjustment arising from the fluctuations of the medical supplies drawing rights	Not Resolved	
2	Unconfirmed property, plant and equipment balance	The management takes not and wishes to clarify that the hospital is in the process of updating the assets register in the format stated in the audit report. However, at the time of the audit, the column on cost of immovable assets was not populated because the Inter-governmental Relations Technical Committee (IGRTC) did not complete the process of valuing and handing over of assets to the County Government of Nyamira.	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)
		However, the ownership documents for the motor vehicles assigned for the hospital including the ambulance purchased by the county Government of Nyamira are in the custody of the Department of Finance, because in regard with the existing laws, the hospital is an entity of the county Government of Nyamira and does not exist as an autonomous institution. Therefore, the hospital assets are held in trust by the County Government.		
x	Budget control and performance	The hospital management concurs with the Auditor's observation on budgetary performance. The Under collection in terms of revenue collection and utilization of the budget was occasioned by delays in NHIF reimbursements.	Not Resolved	
4	Long outstanding debts	The hospital management concurs with auditors' observation on trade and other payables; however, management wish to clarify that partial payments have been made including casual wages, electricity, food and rations during the financial year 2024-2025. However other	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)
		payables for security services of ksh. 2,167,587 have been forwarded to the county treasury through the department of health services for verification as a pending bill in order to facilitate their payments.		
5	Non-Compliance with Kenya Quality Model for Health Policy Guidelines	The management acknowledges on issues raised by the auditors concerning short falls of staff levels as per KQMH guidelines for level 4 hospitals. However, the county government of Nyamira has proposed recruitment of additional healthcare workers to bridge this gap. Further, management wishes to clarify that there is also ongoing effort of training existing staffs on specific specialties in various institutions to link specialized personnel. The county government of Nyamira is in the process of completion the inpatient wards, once done; it will boost the bed capacity and enable other services to be carried out to meet the universal health coverage standards.	Not Resolved	
6	Grounded Motor Vehicle		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)
		The management acknowledges auditors observation on Grounded motor vehicles and wishes to clarify that the grounded vehicles has assigned to Borabu sub-county hospital but the process of full transfer and ownership is and not yet complete to enable the facility to start the process of disposal.		
7	Lack of ICT policy	The hospital management concurs with the Auditor's observation on lack of ICT policy of hospital. However, we wish to clarify that the hospital makes use of the ICT policy for County government of Nyamira	Not Resolved	
8	Lack of Asset Register	Management concurs with auditors' observation on property plant and equipment balance. In response, the management wishes to clarify that the fixed assets were disclosed at prevailing market price, further management wish to clarify that the hospital management has started the identification process of the fixed assets that belongs to the hospital in order to claim ownership and also for completeness of the fixed assets register.	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)
9	Lack of audit committee	The management concur with auditor's observation that in deed the county internal audit committee for the year 2023/2024 was not tabled during audit, however the same report was discussed in the county executive audit committee and recommendations were considered for implementation by follow ups by the internal audit function of the county executive.	Not Resolved	



 Mr. Jeremiah Nyasaka
 Accounting Officer