

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

210

REPORT

OF

THE AUDITOR-GENERAL

ON

ESANI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYAMIRA

PAPERS LAID	
DATE	15 th /07/2026
TABLED BY	heleguo
COMMITTEE	—
CLERK AT THE TABLE	Cherop

570



Esani 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)

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management Team.....	ix
5. Chairman’s Statement.....	xi
6. Report of The Medical Superintendent.....	xii
7. Statement of Performance Against Predetermined Objectives	xiv
8. Corporate Governance Statement	xvi
9. Management Discussion and Analysis	xviii
10. Environmental And Sustainability Reporting.....	xxii
11. Report of The Board of Management	xxvii
12. Statement of Board of Management’s Responsibilities	xxviii
13. Report of the Independent Auditor (<i>Office of the Auditor General</i>)	xxix
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30 th June 2025.....	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	5
19. Notes to the Financial Statements	7
20. Appendices	34

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

Esani Sub-County Hospital is a level (4) hospital established under special issue Kenya gazette (Supplement No. 6) legal notice No. 3 dated 25th January 2017 and is domiciled in Nyamira County under the Department of Health Services. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mandate of the hospital is to be a centre for provision of healthcare services in Nyamira County through provision of accessible, affordable and quality preventive, promotive and curative rehabilitative in an effective and efficient manner.

The hospital's core objectives are to:

- Improve maternal and child health outcomes
- Reduce the burden of communicable and non-communicable diseases
- Strengthen health systems and infrastructure
- Enhance community participation and health education
- Foster partnerships and collaborations with other stakeholders

(c) Key Management

Nyamira County department of health

The county department of health oversees the planning, budgeting, monitoring and evaluation of health services in the county. It also provides technical support, supervision and guidance to the hospital and other health facilities in the county.

Board of Management:

The board of management is the governing body of the hospital. It consists of representatives from the county government, Ministry of Health, community, staff and other stakeholders. The board is responsible for setting policies, strategies, goals and objectives for the hospital. It also ensures accountability, transparency and good governance in the hospital's operations.

Accounting Officer/ Medical Superintendent:

The accounting officer/ medical superintendent is the head of the hospital. He/she is appointed by the county government and reports to the board of management. He/she is responsible for the overall management, administration and coordination of the hospital's activities. He/she also oversees the clinical, financial, human resource and logistical aspects of the hospital.

Hospital Management Team:

The management consists of heads of departments, units and sections in the hospital. They are responsible for planning, organizing, directing and controlling the functions and operations of their respective areas. They also ensure effective implementation of policies, standards, guidelines and protocols in their areas.

Others:

The hospital also has other key staff such as Clinical officers, Nurses, Pharmaceutical Technologists, Laboratory Technologists, Nutritionist, Social Worker, Counsellor, Health Records Officers, Accountant, Procurement Officer, Clerk, Storekeepers, Driver, Cleaners and Security Guards.

(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	Duncan Mariga
2.	Health Administration Officer (HAO)	Andrew Achoki
3.	Accounting Officer (Department of Health)	Andrew Ongere Nyakundi
4.	Hospital Patron	Jimford Nyakwama

(e) Fiduciary Oversight Arrangements

I) **Quality of health services committee** whose function is to establish and maintain the hospital quality improvement program, review the hospital quality assessment reports and make recommendations to the hospital board.

II) **Finance and general purpose committee** whose functions is to review the hospital budgets as prepared by the health management team and also review fiscal management of the hospital, propose the fees chargeable on services, review assets and liabilities and make recommendations to the board.

III) **County Assembly** whose function is to approve budgets and regularly oversee implementation of the hospital budgets and review various risk control measures that may lead to spillage of resources and make necessary control measures to mitigate the risks.

IV) **Internal audit department** has fiduciary role of ensuring that proper internal control mechanisms are put into place or exist in line with PFM Act and regular checks done to ensure compliance and later reports to the audit committee for review.

Key Entity Information and Management (continued)

(f) **Esani Sub-County Hospital Headquarters**
P.O. Box 228-40202, Keroka
Off Keroka - Kebirigo Road
Nyamira, Kenya

(g) **Esani Sub-County Hospital Contacts**

Telephone: (+254) 725820631
E-mail: esanisdh@yahoo.com

(h) **Esani 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
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya


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

3. The Board of Management





Ref	Directors	Details
1.	 <p>Mr. Jones Moko Omwenga Executive Committee Member: For Finance, Ict And Economic Planning</p>	<p><i>Academic Qualifications</i></p> <p>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><i>Professional Experience</i></p> <p>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>He hails from Itibo ward, Nyamira county.</p>
2.	 <p>Dr. Donald Mogoi Executive Committee Member For Health Services</p>	<p><i>Academic Qualifications</i></p> <p>Holds a Master of Science in Epidemiology, A postgraduate Diploma in Project Management and A bachelors in medicine and surgery.</p> <p><i>Professional Experience.</i></p> <p>He has 19 years' experience in the public health sector, rising from a Medical Officer to a District Medical Officer, A County Director Health & Chief Officer Health services.</p>




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

3.	 <p>Mr. Ezekiel Mitaki Chairman Hospital Management Board</p>	<p>Academic Qualifications: Bsc Public Administration & Leadership – JKUAT Diploma in Business Management – JKUAT Diploma in ATIS Professional Experience: Retired teacher who has versed experience as a principal and administrator</p>
4.	 <p>Mrs. Florence Mainye Board Member</p>	<p>Academic Qualifications: O-Level Div. III Diploma in Nursing. Professional Experience: Experienced Health Care Worker with over 40 years’ experience retiring as a Senior Nurse</p>
5.	 <p>Mr. Anthony Kombo Board Member</p>	<p>A health care worker as a CHV (Community Health Volunteer)</p>
6.		<p>Academic Qualifications: ATC from Imperial College CPA Section III from Tracom College Diploma in Clinical Medicine & Surgery from KMTC Kisumu Professional Experience: Practicing Clinician with 19 years’ experience, Medical Superintendent and Secretary of the Board of Management</p>

	Mr. Duncan Mariga Board Secretary	
7.	 <p>Mr. Mash Edwards Ondari Board Member</p>	<p><i>Academic Qualifications:</i> B.A Economics and Rural Industrialization Senior Management course – Kenya School of management Post Graduate Diploma in Marketing Management</p> <p><i>Professional Experience:</i> Ward administrator – Gesima ward</p>

4. Key Management Team

Ref	Management	Details
1.	 Duncan Mariga	Medical Superintendent Academic Qualifications: ATC from Imperial College CPA Section III from Tracom College Diploma in Clinical Medicine & Surgery from KMTTC Kisumu Professional Experience: Practicing Clinician with 19 years' experience, Medical Superintendent and Secretary of the Board of Management
2.	 Andrew Achoki	Health Administration MBA-HRm
3.	 Jimford Nyakwama	Nursing in charge BSN
4.	 John Koech	Pharmacy in charge High diploma in pharmaceutical technology

5.	 Vincent Omote	Laboratory in charge Diploma in laboratory technologist
6.	 Veronica Moraa	Health Records officer Diploma HRIO
7.	 Welmah Nyanchama	Social Worker Diploma in medical social work

5. Chairman's Statement

It is with gratification to present to you the annual financial report of Esani Sub-County Hospital for the year ending 30th June 2025. This report reflects the performance, achievements and challenges of the hospital in delivering quality, affordable and accessible health care services to the community.

Esani Sub-County Hospital efficiency and effectiveness was elevated subsequent to the enactment of FIF (Facility Improvement Fund) ACT of 2022 where 85% of revenue collected is retained in the facility to impact the facility positively in terms including;

- Infrastructure improvement
- Clinical services
- Preventive services

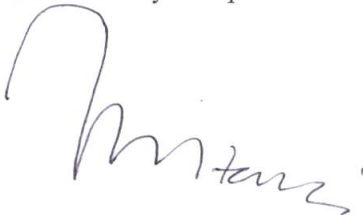
The hospital management Board and Hospital management team is determined to position the facility as a regional pride in provision of healthcare services through mobilization of resources and allocation.

The Hospital Board is also seeking to improve and connect the facility with various stake holders both private and public to provide assistance needed to propel the facility forward.

The board also encountered the following challenges;

- The staff (Human Resource) shortages which could not enable for 24hr coverage in some areas e.g. Laboratory, clinical and pharmacy services
- Shortages of essential commodities as there were erratic commodity supplies.
- Lack of consistency in NHIF reimbursements particularly in delays in Linda Mama Payments

I would like to express my appreciation to all our stakeholders for their continued cooperation. I would also like to commend our staff for their commitment and professionalism. I would also like to thank my fellow board members for their guidance and oversight. Together, we can make Esani Sub-County Hospital a centre of excellence in health service delivery.



Ezekiel Mitaki

Chairman of the Board

6. Report of The Medical Superintendent

Esani Sub-County Hospital is located in Masaba North Sub-County, Gesima Ward, Esani Location with Kenya Master Facility List Code No. 13548, a catchment population of 8160. It is a Level 4 Facility that offers both Inpatient and Outpatient services.

The facility managed to be given financial autonomy, thanks to the FIF Act of 2022, Nyamira County, empowering us to maintain the facility's account at KCB, Keroka Branch.

The facility managed collect and bank a total of Ksh. 5,704,861 both cash and NHIF/SHA reimbursements.

The amount was spent through the AIE's that were issued quarterly from the Chief Officers' Office Department of Health Services.

Services offered;

- **LABORATORY SERVICES**

Esani Sub-county Hospital Laboratory offers multiple tests like the aid in the proper diagnosis and treatment of our clients.

- **SPECIAL CLINICS**

Our Clinical Officers attends to patients with non-communicable diseases like asthma, diabetes, hypertensive thus reducing unnecessary movements of clients to other facilities.

- **AMBULATORY SERVICES**

The facility has an ambulance which assists in transporting emergencies.

- **NHIF SERVICES**

The facility is NHIF accredited thus offers many services like Outpatient, Inpatient, Linda Mama and EduAfya services to clients.

CHALLENGES

The Hospital faces acute challenges;

- a) **ACCESSIBILITY**

Road to the hospital is impassable more especially during rainy season.

- b) **POWER OUTAGE**

We're experiencing recurrent power blackouts that affect our services in the facility.

- c) **UNDERSTAFFING**

Currently the facility is unable to deliver fully all inpatient services since we are understaffed

- Shortages of HR (Human Resource) e.g. Clinicians and Nursing staff which made it difficult to offer 24hrs coverage and this affected service delivery somehow.
- Laboratory and Pharmacy services could only be available on dayshifts' working hours from 8AM to 5PM presenting a gap in night duties.

d) BUILDING MAINTENANCE

The hospital service points were moved to new building that came with shortfalls in the structural setup e.g.

- Paintwork was not up to standard as only the undercoat was applied
- Electricals were severely wanting e.g. power outlets, lighting needs to be re-done
- Incomplete plumbing works done at the facility

Duncan Mariga



Medical Superintendent/ Secretary to the Board
Esani Sub-County Hospital

7. Statement of Performance Against Predetermined Objectives

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

Esani Sub-County Hospital has 2 strategic pillars and objectives within the current Strategic Plan for the FY 2023/2024- FY 2024/2025. These strategic pillars/ themes/ issues are as follows;

Pillar 1: To improve health seeking behaviour of the catchment area population.

Pillar 2: To improve the state of health care service delivery at Esani Sub County Hospital.

Esani Sub-County Hospital develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Esani Sub-County Hospital achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
To improve health seeking behaviour of the catchment area population	<ul style="list-style-type: none"> Ensuring Quality Diagnostic Services 	<ul style="list-style-type: none"> Registers Survey reports Client satisfaction reports 	<ul style="list-style-type: none"> Adherence to Quality Standards Expand the scope of 24 hours specialized services Improve ment of specializ ed Services 	<ul style="list-style-type: none"> Drug and diagnostic commodities availability Dedicated resource allocation to MOPC clinic
	<ul style="list-style-type: none"> Improved performance management 	<ul style="list-style-type: none"> Human Resource Reports Staff Appraisal Reports 	<ul style="list-style-type: none"> Establish Human Resource Department 	<ul style="list-style-type: none"> Staff Appraisal s done

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

			<ul style="list-style-type: none"> • Conduct Quarterly and Annual Staff Appraisal 	
To improve the state of health care service delivery at Esani Sub County Hospital	<ul style="list-style-type: none"> • To increase revenue Generation 	<ul style="list-style-type: none"> • Revenue Reports • %increase in revenue 	<ul style="list-style-type: none"> • Review User Fee Charges • Increase Customer Base • Diversify Revenue Streams 	<ul style="list-style-type: none"> • Revenue improved compared to previous year • Review of user fees continuous and on progress • More patients have been enrolled to NHIF
	<ul style="list-style-type: none"> • Facilitate prudent Financial Management 	<ul style="list-style-type: none"> • Increase in Resource allocation to departments 	<ul style="list-style-type: none"> • Provide M-Payment • Strengthen use of financial and procurement policies and guidelines 	<ul style="list-style-type: none"> • M-payment at the Linkage Stage • Financial and procurement policies and guidelines in place

8. Corporate Governance Statement

Esani 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 4 times a year and the Chairperson has bi-weekly meetings/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 Board members.

c) Board Remuneration

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

d) Committees of the Board

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. The standing committees as follows:

- Executive Sub-Committee
- Finance and General Purpose Sub-Committee
- Quality of Health Services Sub-Committee

The sub -committees meetings were not held in this financial year but, were held in the subsequent financial year.

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 Esani 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. Esani Sub-County Hospital has developed a governance framework defining the respective roles of the HMT members and Management.

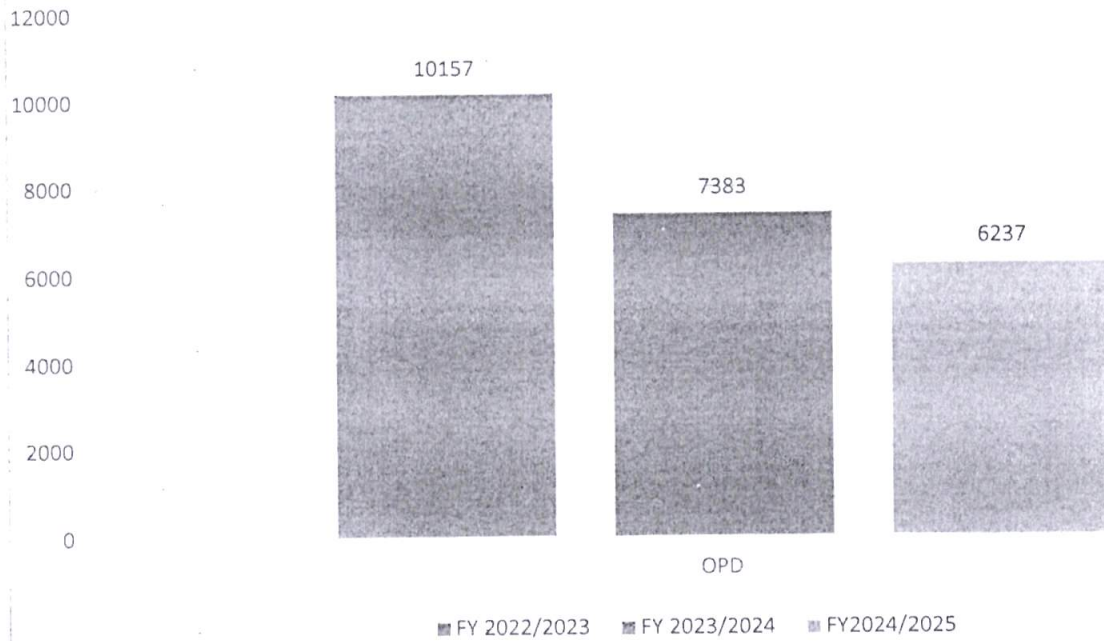
The hospital generates revenue through insurance claims and cash collection through paybill and utilization done as per the FIF act of 2023.

Clinical/operational performance

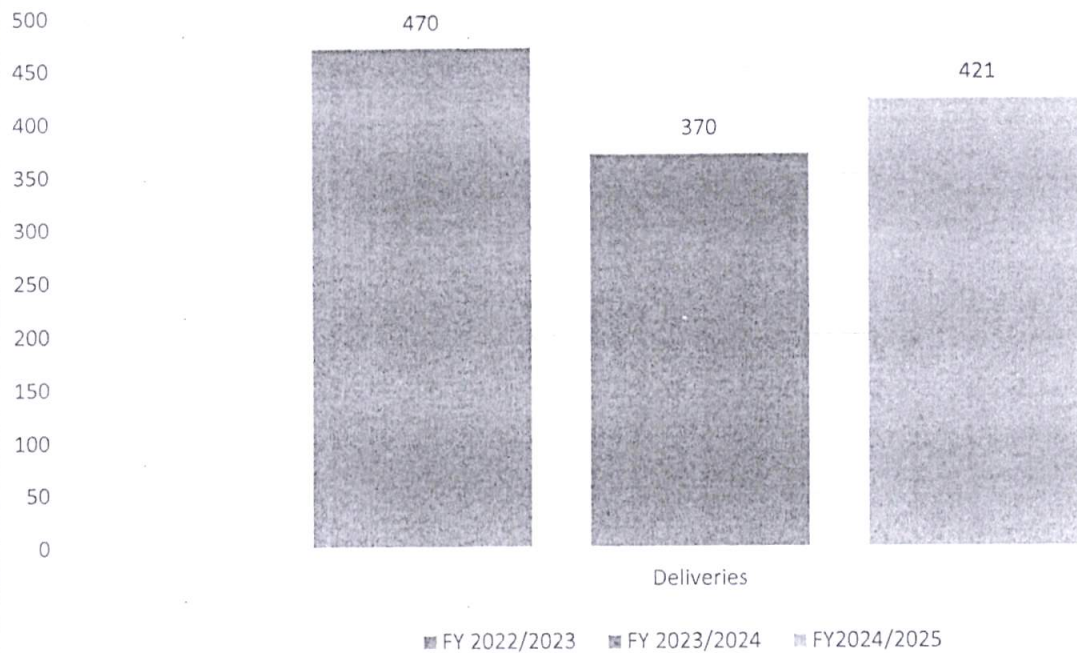
- Bed capacity of the hospital.
 - 30 bed capacity for inpatient and maternity wards
- Overall patient attendance during the year for both inpatient and outpatient

		FY 2022/2023	FY 2023/2024	FY 2024/2025
Bed capacity		24	24	30
Patient Attendance: Inpatient and Out- patient	OPD	10157	7383	6237
	IPD	613	558	624
Specialized Clinics attendance		5078	5283	7520
Average Length of Stay (IPD)Days		14.1 days	15.64 days	18.8 days
Bed Occupancy rate		6.997%	1.1857%	1.4%
Mortality rate		1.14%	0.357%	1.03%
Maternity (Total Deliveries)		470	370	421

ESANI SUB-COUNTY HOSPITAL OUTPATIENT ATTENDANCE 2022/2023-2024/2025 FY



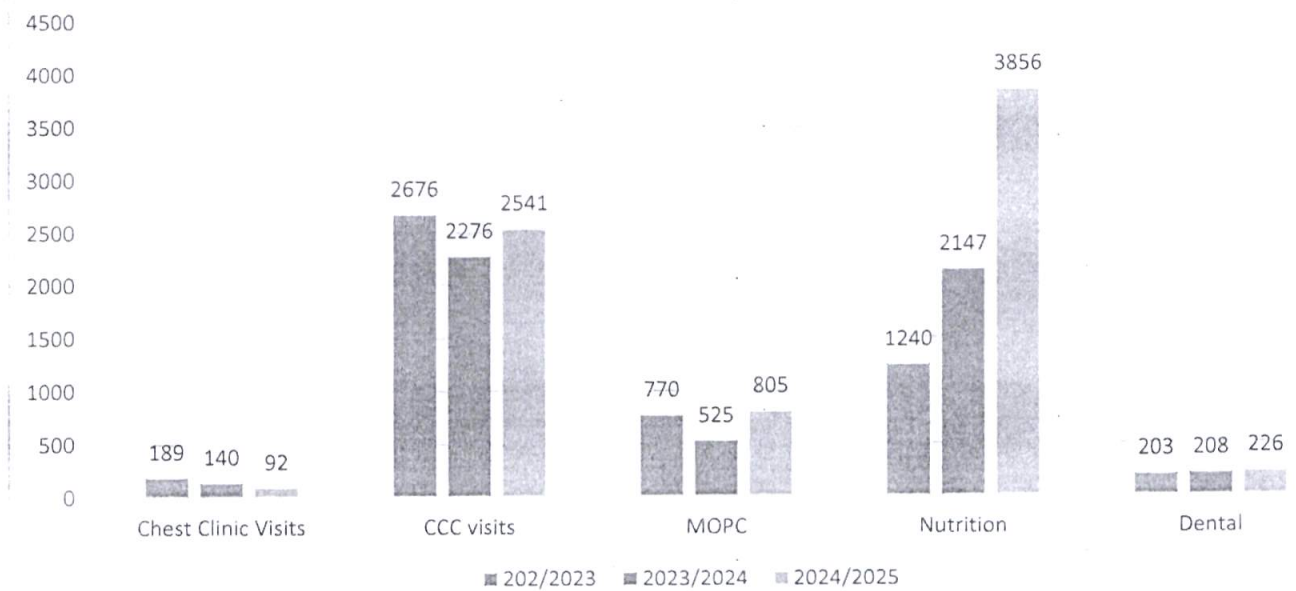
ESANI SUB-COUNTY HOSPITAL SKILLED DELIVERIES FOR 2022/2023-2024/2025 FY



Specialised clinic attendance

Financial Year	2022/2023	2023/2024	2024/2025
Chest Clinic Visits	189	140	92
CCC visits	2676	2276	2541
MOPC	770	525	805
Nutrition	1240	2147	3856
Dental	203	208	226
Total	5078	5296	7520

ESANI SUB-COUNTY HOSPITAL SPECIALIZED CLINICS ATTENDANCE
 BREAKDOWN 2022/2023-2024/2025 FY



Utilization

- **Surgical theatre utilization** – Nil (No theatre)
- **Sponsorship & Partnership** – The facility is supported by USAID (Staffing, Equipment & Drugs at Patient Support Centre) and the National Government (9 UHC staff)



Duncan Mariga
Medical Superintendent
Esani Sub-County Hospital

10. Environmental and Sustainability Reporting

Esani 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 which 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 2024 include:

- The hospital improved its infrastructure, with the completion of a new OPD/Inpatient wing. The hospital also acquired new laboratory materials, 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 nurses and allied health professionals. The hospital also provided training and development opportunities for its staff, such as workshops, seminars and mentorship programs through continuous medical education. 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, introducing new services, 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 OPD/Inpatient 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, career development opportunities, and 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, CEMs. 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 also rewards its staff for their outstanding performance, such as recognition awards, certificates.

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 nurtures 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.

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:

a) Responsible competition practice.

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.

b) Responsible Supply chain and supplier relations

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 honours 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.

c) Responsible marketing and advertisement

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.

d) Product stewardship

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.

v) Corporate Social Responsibility / Community Engagements

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 material to support various causes and initiatives in the community, such as education, health, environmental, sports, cultural 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. 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, health policy and health rights

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the Esani Sub-County Hospital affairs.

Principal activities

The principal activities of the Hospital are;

- Laboratory services
- Outpatient services
- Inpatients services
- Dental services
- MCH services
- Maternity services
- Pharmacy services

Results

The results of the Esani Sub-County Hospital for the year ended June 30, 2025 are set out on page 1-5

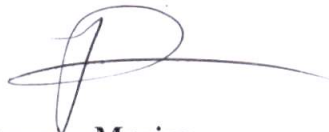
Board of Management

The members of the Board who served during the year are shown on **(VI - VII)**

Auditors

The Auditor General is responsible for the statutory audit of Esani Sub-County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Duncan Mariga
Medical Superintendent

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 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 Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the 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, 2024, 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.

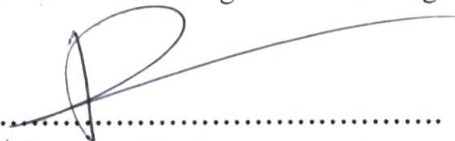
Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:



.....
Name: Ezekiel Mitaki
Chairman
Board of Management



.....
Name: Duncan Mariga
Medical Superintendent

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 ESANI 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 Esani Sub-County 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

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Esani Sub-County Level 4 Hospital - Nyamira County as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the 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 19 to the financial statements reflects property, plant and equipment balance of Kshs.14,776,525. However, the balance was not supported by an updated asset register. The Management is required to maintain assets register for all the entity's assets. Further, the Hospital had not valued its assets to establish the fair values.

In addition, the ownership documents including title deed for the land on which the Hospital is built and motor vehicle log books were not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.14,776,525 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Esani Sub-County Level 4 Hospital-Nyamira County 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 hospital expended Kshs.5,081,018 against actual receipts of Kshs.6,506,288 resulting to under-expenditure of Kshs. 1,425,270 or 22% of the actual receipts.

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

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, the 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 xxviii 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 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 Esani Level 4 Sub-County 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 Kshs.158,472 relating to transfers to other government entities, being transfers to Sub- County Ministry of Health (SCMOH) and County Health Management Team (CHMT) of Kshs.31,693 and Kshs.126,779, respectively, as disclosed in Note 15 to the financial statements. However, the transfers were in contravention of section 5 (1) of the Facility Improvement Act No. 14 of 2023 which requires level 1 to 5 facilities to retain all the monies raised.

In the circumstances, Management was in breach of law.

2. Noncompliance with Statutory Signatory Requirements on Hospital Revenue Account

The statement of financial position reflects Cash and cash equivalents balance of Kshs.1,425,270 held in Kenya Commercial Banks as disclosed in note 16 to the financial statements. Review of the bank accounts records revealed that the signatories to the accounts are the County Chief Officer of Health, the Chief Officer Finance and the Head of Accounting Services instead of the Medical Superintendent and the Hospital Administrator as required. The Management was, therefore, in contravention of Section 20 (1) and (2) of the Facilities Improvement Financing Act, 2023 which states that, there shall be opened and operated a bank account for every entity into which all monies received by and on behalf of the entities for the facility improvement financing shall be paid into. (2) With respect to a hospital, the mandatory signatories to the bank accounts shall be the Medical Superintendent and the Hospital Administrator.

In the circumstances, 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

Ineffective Universal Health Care (UHC) Services

Review of the records, operations and functions of the Hospital revealed inadequate personnel required to deliver the Universal Health Care (UHC). The UHC personnel requirements for the Hospital to function effectively are 16 Medical Officers, 2 Anesthesiologists, 2 General Surgeons, 2 Gynecologists, 2 Pediatricians, 2 Radiologists and 75 Registered Community Health Nurses. However, the Hospital operated with only 8 Registered Community Health Nurses and all other posts were vacant.

Further, for the Hospital to effectively deliver its services, the UHC stipulates that there be 2 Functional Theatres, 150 Beds, 5 Incubators, 5 Cots, 1 Resuscitation Theatre, 1 Resuscitative in Labor, 6 ICU Beds, 6 HDU Beds, 5 Renal Unit with Dialysis Machines, 5 Acres of Land and 1 Ambulances. However, the Hospital had only 30 Beds, 1 Incubator, 1 Resuscitative in Labor and 1 Ambulance. The details on land were not provided to establish the size of the land.

In the circumstances, the Hospital may not deliver the required services due to lack of capacity.

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

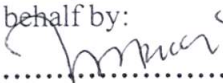
Nairobi

11 December, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	297,000
In-kind contributions from the County Government	7	518,258	1,312,889
Total Revenue from non-exchange transactions		518,258	1,609,889
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	6,483,741	4,510,427
Revenue from exchange transactions		6,483,741	4,510,427
Total revenue		7,001,999	6,120,316
Expenses			
Medical/Clinical costs	9	2,316,848	3,029,982
Employee costs	10	1,728,100	1,594,200
Board of Management Expenses	11	142,000	128,000
Depreciation and amortization expense	12	556,256	610,969
Repairs and maintenance	13	319,924	161,000
General expenses	14	1,565,869	1,198,533
Transfer to other government entities	15	158,472	547,832
Total expenses		6,787,469	7,270,516
Net Surplus / (Deficit) for the year		214,530	(1,150,200)

The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:

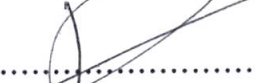

.....

Ezekiel Mitaki
Chairman

Board of
Management


.....

CPA Jemima B Abuga
Head of Accounting
services
ICPAK No:12842


.....

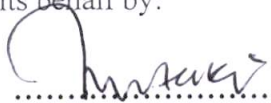
Duncan Mariga
Medical Superintendent

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	1,425,270	801,427
Receivables from exchange transactions	17	778,880	1,711,000
Inventories	18	2,465,144	1,635,002
Total Current Assets		4,669,294	4,147,429
Non-current assets			
Property, plant, and equipment	19	14,776,525	15,282,781
Total Non-current Assets		14,776,525	15,282,781
Total assets (A)		19,445,819	19,430,210
Liabilities			
Current liabilities			
Trade and other payables	20	631,937	830,858
Total Current Liabilities			830,858
Total Liabilities (B)			830,858
Net assets (A-B)		18,813,882	18,599,352
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		(935,670)	(1,150,200)
Capital Fund		19,749,552	19,749,552
Net Assets		18,813,882	18,599,352

The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:



Ezekiel Mitaki
Chairman

Board of
Management



CPA Jemima B Abuga
Head of Accounting
services
ICPAK No:12842



Duncan Mariga
Medical Superintendent

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

Description	Accumulated surplus/Deficit	Capital Fund	Total
At July 1, 2023		19,749,552	19,749,552
Surplus/(deficit) for the year	(1,150,200)	0	(1,150,200)
Capital/Development grants	0	0	0
At June 30, 2024	(1,150,200)	19,749,552	18,599,352
As at July 1, 20234	(1,150,200)	19,749,552	18,599,352
Surplus/(deficit) for the year	214,530		214,530
As at June 30, 2025	(935,670)	19,749,552	18,813,882

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	297,000
Grants from donors and development partners		0	1,316,479
Rendering of services- Medical Service Income		5,704,861	2,799,427
Total Receipts		5,704,861	4,412,906
Payments			
Medical/Clinical costs		1,539,242	1,157,745
Employee costs		1,355,511	1,240,200
Board of Management Expenses		142,000	128,000
Repairs and maintenance		319,924	161,000
Grants and subsidies		0	1,316,479
General expenses		1,565,869	927,023
Transfer to County government		158,472	547,832
Total Payments		5,081,018	5,478,279
Net cash flows from operating activities		623,843	(1,065,373)
Net increase/(decrease) in cash and cash equivalents		623,843	178,720
Cash and cash equivalents as at 1 July 2024		801,427	1,688,080
Cash and cash equivalents as at 30 June 2025		1,425,270	801,427

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	
Ba	0	0	0	801,427	(801,427)	
Revenue				0		
Rendering of services- Medical Service Income	4,695,050	1,272,292	6,967,342	5,704,861	1,262,481	82%
Total Income	4,695,050	2,272,292	6,967,342	6,506,288	461,054	93%
Expenses						
Medical/Clinical costs	2,204,160	898,532	3,102,692	1,539,242	1,563,450	50%
Employee costs	800,000	700,000	1,500,000	1,355,511	144,489	90%
Remuneration of directors	120,000	30,000	150,000	142,000	8,000	95%
Transfer to county government	100,000	75,000	175,000	158,472	16,528	93%
Repairs and maintenance	210,000	124,200	334,200	319,924	14,276	96%
General expenses	1,260,890	444,560	1,705,450	1,565,869	139,581	92%
Total Expenditure	4,695,050	2,272,292	6,967,342	5,081,018	1,886,324	

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,425,270
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,425,270

19. Notes to the Financial Statements

1. General Information

Esani Sub-County Hospital is established by and derives its authority and accountability from Public Finance Management Act 2012. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The Hospital's principal activity is provision of health care 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 Esani Sub-County Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Esani Sub-County 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</p>

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<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</p>

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

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by Board on 1st August 2023. 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 Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Hospital recorded additional appropriations of Nil on the FY 2023/2024 budget following the Board's approval. 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 financial performance has been presented on page under section of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus/Equity

financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
					2023-2024
			KShs	KShs	KShs
Nyamira County Government	0	0	0	0	297,000
Total	0	0	0	0	297,00

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages		297,000
Medical supplies-Drawings Rights (KEMSA)	518,258	342954
Total grants in kind	518,258	639,954

8. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
NHIF Reimbursements	4,343,931	1,244,069
Outpatient	385,220	341,168
Inpatient	179,820	185,000
Pharmaceuticals	329,940	791,430
Dental services	54,550	0
Laboratory	223,400	237,760
Non-pharms	188,000	
Total revenue from the rendering of services	5,704,861	2,799,427
Receivables from exchange transactions	778,880	1,711,000
Total revenue from rendering of services	6,483,741	4,510,427

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

9. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	220,000	174,991
Food and Ration	135,000	152,000
Dressing and Non-Pharmaceuticals	135,000	301,676
Pharmaceutical supplies	906,242	1,034,476
Sanitary and cleansing materials	143,000	53,950
Total medical/ clinical costs	1,539,242	3,029,982
Adjustment for cash flow		
Payables	259,348	559,348
Pharmaceutical supplies in kind contributions	518,258	1,312,889
Total cashflow for medical cost	2,316,848	2,470,634

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,728,100	1,594,200
Employee costs	1,728,100	1,594,200
Cash flow adjustment		
Payables	372,589	0
Total cash adjustment for employees	1,355,511	0

11. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	142,000	128,000
Total	142,000	128,000

12. Depreciation and Amortization Expense

Description	2024/2025	2022/2023
	Kshs	Kshs
Depreciation	556,256	610,969
Total repairs and maintenance	556,256	610,969

13. Repairs And Maintenance

Description	2024/2025	2022/2023
	Kshs	Kshs
Property- Buildings	118,500	111,000
Motor vehicle expenses	137,224	50,000
Solar	29,200	0
Electrical works	27,000	0
Furniture and equipment	8,000	0
Total repairs and maintenance	319,924	161,000

14. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	200364	43,000
Bank charges	71,327	25,239
Travel and accommodation allowance (DSA)	126200	109,000
Motivation pack	85000	10,000
Printing and publishing	229178	76,000
General office supplies	185800	40,184
Telephone and mobile phone services	15000	28,500
Fuel for transport	85000	118,000
Other fuels	38000	17,100
Electricity bill	530,000	0
Total General Expenses	1,565,869	1,198,533
Adjustment for cash flow		
Payabales	0	271,510
Total cash flow from general expenses	1,566,869	927,023

15. Transfer to other government entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer to SCMOH	31,693	438,266
Transfer to CHMT	126,779	109,566
Total finance costs	158,472	547,832

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

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1152864742	1,192,232	801,427
Kenya Commercial bank exp	13311462851	233,038	0
Sub- total		1,425,270	801,427

16. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	1,425,270	801,427
Total cash and cash equivalents	1,425,270	801,427

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
b) Current account			
Kenya Commercial bank	1152864742	1,192,232	801,427
Kenya Commercial bank exp	13311462851	233,038	0
Sub- total		1,425,270	801,427

17. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	778,880	1,711,000
Total receivables	778,880	1,711,000

17(a) Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	778,880	%	1,711,000	%
Total (a+b)	778,880	%	1,711,000	%

18. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,585,608	1,540,792
General office supplies	0	17,610
Food supplies	48,955	2,650
Laboratory	463,041	70,950
Telephone	0	3000
Non- pharms	367,540	0
Total	2,465,144	1,635,002

Esani Level 4 Hospital (Nyamira County Government)

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

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	5,000,000	10,000,000	500,000	150,000	150,000	700,000	0	16,500,000
Additions	0	0	0	0	0	80,000		80,000
At 30th Jun 2023	0	400,000	125,000	18,750	45,000	97,500		686,250
At 1 July 2023 (current year)	5,000,000	9,600,000	375,000	131,250	105,000	682,500	0	15,893,750
At 30th Jun 2024	5,000,000	9,216,000	281,250	114,844	73,500	597,188	0	15,282,782
Depreciation and impairment								
At 1 July 2022 (previous year)	5,000,000	10,000,000	500,000	150,000	150,000	700,000	0	16,500,000
Depreciation for the year	0	400,000	125,000	18,750	45,000	97,500		686,250
At 30 June 2023	5,000,000	9,600,000	375,000	131,250	105,000	682,500	0	15,893,750
At July 2023 (current year)	5,000,000	9,600,000	375,000	131,250	105,000	682,500	0	15,893,750
Depreciation	0	384,000	93,750	16,406	31,500	85,313	0	610,969
At 30th June 2024	5,000,000	9,216,000	281,250	114,844	73,500	597,187	0	15,282,781
Net book values								

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 th Jun 2024 (current)	5,000,000	9,216,000	281,250	114,844	73,500	597,187	0	15,282,781
As at 1 st July 2024	5,000,000	9,216,000	281,250	114,844	73,500	597,187	0	15,282,781
Additional						50,000	0	
Depreciation rate	0	4%	25%	12.5%	30%	12.5%	0	
Depreciation	0	368,640	70,312	14,356	22,050	80,898	0	556,256
Closing balance	5,000,000	8,847,360	210,937	100,489	51,450	566,289	0	14,776,525

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

20. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical	259,348		559,348	
Employee dues	372,589		0	
Electricity			271,510	
Total trade and other payables	631,937		830,858	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	631,937	%	544,198	%
Total	631,937	%	830,858	%

21. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	
Surplus for the year before tax	223,530	0
Adjusted for:		
Depreciation	556,256	0
Working capital		
Increase in receivables	(778,880)	0
Increase in payables	631,937	0
Total	632,843	0

22. Financial Risk Management

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

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

(i) Credit risk

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

The 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.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables		372,589	259,348	631,937
Total		372,589	259,348	631,937

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital on an on-going 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 carrying amount of the hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Management of interest rate risk

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

Sensitivity analysis

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

23. 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

24. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Property, plant and equipment	We wish 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. 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	Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>hospital assets are held in trust by the County Government.</p> <p>In addition to valuation of property, plant and machinery a valuer has been appointed for valuation of all assets and is expected to submit the valuation report soon and the asset register will be updated accordingly.</p>		
2.	Unlawful Transfer of Funds	<p>Management takes note of the auditor's observation that the hospital transferred monies to the sub county medical officer of health for primary health care support and county health management team for operations. However management wish to clarify that by the time the national law took effect on November 2, 2023, the County Government of Nyamira had already been implementing its own Facility Improvement Fund Act, 2022 that was operationalized on 1st July 2022, which included provisions for the transfers outlined in Part III, Section 6. In compliance with the new legislation, the County Government initiated the process of aligning its policies. This</p>	Not Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		involved drafting a bill to amend the County Act that is already in the County Assembly of Nyamira for consideration and specifically repealing sections that conflicted with the new law. Further the Government of Nyamira has since stopped the transfers.		
3.	Non-compliance with requirements of Universal Health Coverage	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	

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)
4.	Lack of internal audit committee	Management takes note of auditors observation and wish to clarify that the hospital audit committee was established and henceforth operationalized.	Not Resolved	

.....
 Accounting Officer
 Duncan Mariga