

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

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RWAMBWA SUB - COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF SIAYA

6

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management	v
4. Key Management Team.....	vi
5. Chairman’s Statement.....	vii
6. Report of The Medical Superintendent.....	ix
7. Statement of Performance Against Predetermined Objectives	xi
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xiv
10. Environmental And Sustainability Reporting	xvi
11. Report of The Board of Management	xviii
12. Statement of Board of Management’s Responsibilities	xix
13. Report of the Independent Auditor (specify entity name).....	xx
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30 th June 2025	3
16. Statement of Changes in Net Asset for The Year Ended 30 June 2025	5
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	8
19. Notes to the Financial Statements	11
20. Appendices.....	61

1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

Rwambwa is a level 4 hospital established under Gazette Notice Number- Vol. CXXII- No. 87 and is domiciled in Siaya County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

An efficient and High quality Health care system that is accessible, equitable and affordable for every citizen

Mission

To promote and participate in the provision of the integrated High quality preventive curative, rehabilitative Health care services to all citizens.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Administrator
- Hospital Accountant
- Nursing in Charge

(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	Silah Oluoch
2.	Hospital Accountant	Hezron Opiyo
3.	Hospital Administrator	Agnes Owuor

(e) Fiduciary Oversight Arrangements

- County Assembly
- Parliamentary committees
- County Assembly health Committee
- County Assembly Finance Committee
- County Assembly Public Investment and Accounts Committee
- Audit committee County Assembly

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 597-40600
SIAYA, KENYA
MILIMANI ROAD
ADJACENT TO JCC CHURCH

(g) Entity Contacts

Telephone: +254743348448

E-mail: rwambwasch@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Siaya Branch
P. O Box 52-40600
Siaya

(i) Independent Auditors

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



(j) Principal Legal Adviser

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





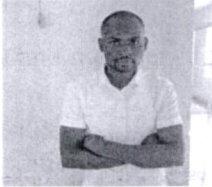
(k) County Attorney

P.O. Box 803-40600
Siaya County Headquarters
Siaya, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 <p>Mr Walter Mchembere PhD(Epidemiology candidate) MPH,BA Medical sociology holder</p>	<p>Chairman of the Hospital Board and Head of the board</p> <p>Duties include:</p> <p>Providing strategic leadership and governance</p> <ul style="list-style-type: none"> • Oversight of hospital planning, finances, and compliance • Monitoring hospital health management team performance • Chairing hospital board meetings and engaging stakeholders
2.	 <p>Mr. Silah Oluoch Medical Superintendent BScM</p>	<p>Medical Superintendent of the hospital and chair of the management team. BSCM holder.</p> <p>Duties include:</p> <ul style="list-style-type: none"> • Seeing patients for treatment • Overall supervision of the hospital <p>Chairing of HMT meetings of the hospital</p>

4. Key Management Team

Ref	Management	Details
1.	 Mr. Silah Oluoch Medical Superintendent BScM	Medical Superintendent of the hospital and chair of the management team. BSCM holder. Duties include: <ul style="list-style-type: none"> • Seeing patients for treatment • Overall supervision of the hospital Chairing of HMT meetings of the hospital
2.	 Ms. Agnes Owuor Hospital Administrator BCOM	Hospital administrative officer (HAO) and member of HMT Duties include <ul style="list-style-type: none"> • Ensuring effective running of facility daily activities • Developing work and leave schedules for staff • Is the secretary to the HMT
3.	 Mr. Charles Mujok Nursing Service Manager (NSM) BSCN/KRPaed/KRCHN	Nurse in charge and HMT member Duties <ul style="list-style-type: none"> • Preparing duty rotas for all nursing staff • Preparing end month nursing reports Supervising the nursing staff
4.	 Mr Hezron Opiyo Accountant BCOM	Hospital accountant and a member of HMT Duties <ul style="list-style-type: none"> • Supervising revenue staff • Budgeting for the facility • Maintain books of accounts for the facility • Control expenditure
5.	 Mr. Jared Otieno Diploma holder in pharmacy	Pharmaceutical technologist and member of HMT Duties <ul style="list-style-type: none"> • Issuing medicine to patients • Managing pharmacy operations • Ordering and receiving medical supplies Doing stock takes

(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)

Chairman's Statement

Ladies and Gentlemen,

It is a great honour to present this statement on behalf of the Rwambwa Sub-County Hospital family. As a Level 4 facility located in Alego-Usonga constituency, Rwambwa serves a catchment population of about 30,000, including patients from neighbouring Busia County. Our mission remains to holistically improve rural wellness through promotive, preventive, curative, and rehabilitative services.

Over the past year, the hospital made notable progress in enhancing healthcare delivery. Key achievements included the introduction of specialized lab tests such as T3, T4, and TSH—which check how well the thyroid gland is working; PSA, which helps detect prostate issues in men; and HbA1c, a test that shows a patient's average blood sugar levels over 2–3 months, important for managing diabetes. These improvements have strengthened our ability to diagnose and treat conditions early, reduced unnecessary referrals, and greatly improved patient care. In addition, the installation of the Truenat TB testing machine has further strengthened our capacity for early detection and treatment of tuberculosis, with positive outcomes across the sub-county.

During a period without a formal Board of Management (since March 2021), the Hospital Management Team (HMT) ensured continuity by assuming operational oversight and regularly consulting the former Board Chair. We are pleased to report that the Chair has now been officially gazetted—and we are fortunate it is the former Chair, whose prior leadership was marked by excellence and dedication. While appointment of the remaining board members is still pending, the presence of an experienced Chair has already brought renewed direction and accountability.

Looking ahead, the hospital will focus on stronger fiduciary oversight, greater scrutiny of operations, and closer collaboration between the Board and management to enhance governance, transparency, and resource, ultimately improving health outcomes for the community.

Despite challenges such as staffing shortages in key departments (lab and pharmacy), delayed NHIF reimbursements, KEMSA stock-outs, and rising costs, the hospital met its revenue targets and prioritized settling pending bills. Moving forward, a cautious procurement approach will be adopted to ensure financial discipline.

We are proud of our role in medical education and research. The hospital hosted students from various training institutions and partnered with universities like Masinde Muliro to support public health research.

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

These engagements not only benefit future healthcare professionals but have also contributed to improved community nutrition and health outcomes.

Finally, we extend our heartfelt gratitude to the County and National Governments, development partners, CHMT, staff, and all stakeholders for their continued support. Your commitment has been central to our resilience delivery and service.



Name *Walter Mchembere*

Chairman to the Board

5. Report of The Medical Superintendent

Ladies and gentlemen, it's a great honour to issue a statement on behalf of Rwambwa sub county Hospital family. Rwambwa sub county Hospital is a level 4 hospital located in Alego Usonga constituency, Usonga location, Nyadorera B sub location. It serves a catchment population of about 21,584 people. Since the facility is located at the boarder of western and Nyanza, it also serves a good number of patients from Busia County.

Our mission is to holistically improve wellness to the rural population through the provision of quality promotive, preventive, curative and rehabilitative services

Currently the facility does not have a board of Management since their tenure of service expired in March 2021. The process of forming a new board of management is already in advanced stage, awaiting gazettment. The hospital Management Team now takes the sole responsibility of managing the hospital. HMT is a body comprising of all Heads of Departments, meets on a monthly basis and is chaired by the Medical superintendent.

The Hospital has 10 departments headed by qualified staffs. These include: Outpatient, MCH, Pharmacy, Laboratory, Revenue, Accounts, In patient, Maternity, Records and CCC

The facility operates 24hrs basis, serving both inpatient and outpatient cases. This has enabled the community to get quality services at whatever time they befall sick hence fastening the healing period and preventing further complications

We are proud of the achievement witnessed so far. Our patients/ clients are able to get quality treatment supported by evidence based laboratory generated results courtesy of biochemistry and Haematology machines that were procured with the Facility improvement funds. The efforts to equip the laboratory and improve the infrastructural components within the facility is our main goal. More specialized tests have been introduced in the last financial year, these include T3, T4, Thyroid Stimulating Hormone, Prostate Surface Antigen Test, HbA1c. Improving the diagnostic parameters has elevated the quality of care given to our clients and patients and has therefore improved the wellness of a community. This has also reduced the cases of unnecessary referrals to other hospitals eventually increasing the revenue collection.

In order to reduce communicable disease within our catchment population, the County government in partnership with the National government provided a Truenut (TrueLab Duo Real Time quantitative analyzer) machine capable of detecting Tuberculosis Mycobacterium, a causative organism for Tuberculosis infection. This has enhanced active case identification and treatment thereby reducing mortality and complications arising from the TB infection. This machine processes several samples across from other facilities. It has therefore enabled the facility to improve on case detection.

We are cognizant of the immense opportunities we have provided to the different individuals and organizations by offering attachment and learning forums to enable them achieve their goal. In the last Financial Year, we were privileged to host students from Bondo, Vihiga and Iten Medical Training Colleges to undertake rural Health experience and learn more. We are also in partnership with Masinde Muliro University where the PHD students comes for research work. This demonstrates how resourceful we are and has led to improved nutritional status of the children under 2yrs. Many cases of malnutrition were detected and treated with support from the University.


On the financial position, the facility met its target though due to unpredictable, erratic and un reliable reimbursement from the NHIF the facility, was not in a position to clear the pending bills, however,

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

previous pending bills were given a priority as well. The concerted efforts will therefore be put in place to ensure all the pending bills are paid. Going forward, the facility intends to procure with caution so that not much is left unpaid by the end of the financial year. High inflation rates of goods and services and stock out of essential drugs at KEMSA made it impossible to consistently provide services and collect revenue.

On human resource, the facility still faces challenges on staffing, key departments including laboratory and pharmacy, in-patient and OPD lacks adequate personnel to effectively manage the department though the facility has put measures in place to mitigate the same as the department of health and human resource department work hand in hand with the CPSB to ensure the gap is bridged. It's also worth reporting that in the year under review, there was no serious disciplinary lapses encountered among the staffs except on a few minor instances where appropriate corrective measures were applied.

Despite all the above we must acknowledge the support we received from both the technical and support staff of Rwambwa Sub-County Hospital, the department of Health from the CECM, COH, directors, partners, CHMT and all other stakeholders. All stood and supported us at our lowest moments both financially, physically and by extension through support supervision and trainings
Thank you


.....
Name Silgh-O. Juel
Secretary to the Board



6. Statement of Performance Against Predetermined Objectives

(Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

Strategic development objectives (Adopted from Siaya County)

The County’s CIDP has identified 10 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s “Big Four”, NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable deaths	To reduce mortality from preventable deaths	No. Completed medical laboratories	3
			No. Completed maternity units	5
			No. Completed general wards	2
			No. Completed dispensaries	3
			% of Clients counselled and tested for HIV	83%
			Percentage of HEI turning HIV positive at 18 months	2%
% of clients with viral load <1000c/ml	93%			

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

		No. of accredited CHVs given feedback	1535
		No. of CHAs sensitized on eye health	24
		No. of half jackets distributed	2200
		No. of CHVs sensitized on NCDs	40
		No. of CHAs trained on community MNH	30
		No. of stakeholders meetings held	2
		No. of HHs reached with COVID19 messages	250,698
		No. of targeted dialogue days held	6
	Improved diagnostic services through completion of maternity wing		
	To provide accessible and appropriate diagnostic and curative services	Reduced disease burden in Siaya County	
		Blood Bank fenced at SCRH	completed

7. Corporate Governance Statement

During a period without a formal Board of Management (since March 2021), the Hospital Management Team (HMT) ensured continuity by assuming operational oversight and regularly consulting the former Board Chair. We are pleased to report that the Chair has now been officially gazetted—and we are fortunate it is the former Chair, whose prior leadership was marked by excellence and dedication. While appointment of the remaining board members is still pending, the presence of an experienced Chair has already brought renewed direction and accountability.

8. Management Discussion and Analysis

It is my pleasure to present the Rwambwa Level 4 Hospital financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the Rwambwa Level 4 Hospital over the past year

Clinical/Operational performance

- **Bed capacity of the hospital.**
The hospital has a bed capacity of 30 beds and is in the process of increasing the capacity. The plans are underway to open a new paediatric ward with 10 more beds.
- **Overall patient attendance during the year for both inpatient and outpatient.**
During the last financial year, the recorded a total of 27,156 patient attendance. This represents an improvement compared to last financial year. The in-patient accounted for 1736 cases while the out-patient totalled to 25,420
- **Accident and Emergency attendance**
A total number of 308 cases of accident and emergency cases were reported which resulted into admissions, referrals and deaths. In all these instances, the facility provided immediate or rapid adequate personnel and clinical support.
- **Specialised clinic attendance**
The facility has been running a well-coordinated special clinic for the entire year under review. This has saved the cost on patient referral to SCRH for clinic visits as well as improved the treatment outcome and workload. A total of 308 clients were attended to.
- **Average length of stay for in patient.**
The hospital average length of stay was 3 days, with major presenting illnesses as malaria and pneumonia.
- **Bed occupancy rate**
Percentage bed occupancy stood at 86 percent
- **Mortality rate**
The mortality rate stood at less than 1 percent
- **Surgical theatre utilisation (number of operations over a period of time)**
The facility currently has well equipped minor theatre that can effectively handle minor procedures eg stitching, I and D, circumcision etc
- **Sponsorships and partnerships**
In the last financial year, the facility partnered with TIKO to improve uptake on family planning, MCH services and skilled care delivery. Apart from improved revenue

collection, the program ensured increased uptake of skilled care delivery among the teen peers and overall work load.

Financial performance that includes: -

- Revenue sources,
The facility has heavily relied on SHA and FIF to fund its operation. Since the introduction of SHA, we have experienced a steady decline of out-of-pocket funding model for healthcare services. Compared to the previous financial year, the facility has recorded an improved revenue collection resulting into provision of quality care by ensuring health products and technologies are always available.
In the year under review, the facility collected a total Kshs.15,559,672.45
- Utilisation of funds etc
The funds have been spent as per the approved budget and corresponding AIEs with full consultation with the health management team. Majorly, the funds have been used to expand the infrastructure, acquire health products and technologies and to cater for the medical and operation cost.
We were able to spend a total of Kshs. **14,182,426** and still accumulated a pending bill totalling to Kshs. **2,524,412** which we look forward to settle as soon as possible.

(The management discussion and analysis should be signed by the Chief Executive Officer/Medical Superintendent)

9.Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Rwambwa Sub-County Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection and sourcing for local service providers. In consultative planning and budgeting process, the county has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The county has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the county. These efforts are aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from the National Government. In the end, the county is also promoting sourcing of services from local providers with an objective of ‘buying Siaya building Siaya’. This translates to promoting local goods and services that will ultimately build the local economy.

While implementing the above sustainability priorities, there are broad political and macroeconomic trends from the National outlook that are likely to affect their realization. The major macroeconomic trend projected is high cost of inflation in the country. The high inflation rate will affect the cost of living and production cost that will negatively affect the business environment and eventually own source revenue collection. Similarly, the country is also headed in the electioneering period and the political environment interfere with the sustainability priorities. Notwithstanding, the county will align its policies to adjust to the microeconomic conditions and implement succession management plan in the transition period to manage the political environment.

However, in the course of implementation, there are challenges experienced across departments. They include; effects of covid-19, inadequate staffing, inadequate funding and delays in disbursement of funds.

ii) Environmental performance

Rwambwa Sub-County Hospital is yet to establish an environmental policy however, the county has adopted National laws to guide the public and help in compliance with environmental laws. Some of the environmental and climate change issues experienced in the County include; deforestation in hills, flooding in areas near water bodies, pollution in urban areas, drought and famine, invasive species, loss of biodiversity and change in water levels especially in lake Victoria. To manage these environmental hazards, the county is; developing policies that will help protect the environment; investing in woodlots to promote tree planting, establishing designated dumping sites for waste management; promoting irrigation; establishing dykes in flood prone areas; preserving indigenous trees and certain wild animals.

iii) Employee welfare

The hospital upholds a Human Resource Policy in conjunction with the department of Health that emphasizes inclusivity in recruitment. Efforts to improve employee skills included sponsorship for short professional courses, and various short trainings, continuous medical education (CME) sessions, and career progression plans. There is also a structured appraisal system that motivates staff and ensures recognition of high performance. The hospital complies with the Occupational Safety and Health Act, 2007 (OSHA), ensuring safe working conditions. Safety drills, personal protective equipment provision, and reporting mechanisms for occupational hazards are in place.

iv) Market place practices-

Rwambwa Sub-County Hospital ensures fair competition and transparency through tendering mostly done by quotations. compliance with public procurement laws, and adherence to anti-corruption frameworks. Suppliers are treated responsibly, with efforts made to honour contracts and ensure timely payments. The hospital promotes competitive procurement and supports local enterprises in line with county policies. The hospital maintains ethical communication through public sensitization forums through our CHPs, holding community dialogues and community outreach programs. No exaggerated claims are made regarding services, and diversity in messaging is respected. The hospital safeguards citizens' rights by providing adequate information on services such as SHA registration, immunization schedules, and public health campaigns. Patients' data privacy is upheld through confidential record management, and mechanisms for dispute resolution and complaints handling are in place.

v) Corporate Social Responsibility / Community Engagements

The hospital has engaged in multiple CSR and community engagement initiatives within the reporting period. These included:

Free Medical Camps by Offering free health screening services, including maternal health, HIV testing, and non-communicable disease checkups. **Youth Support through foot ball tournaments by buying the teams uniforms and balls** and **Public Participation:** Engaging the community in health facility planning, including budget-making processes and prioritization of infrastructure improvements. These initiatives have enhanced the hospital's relationship with the community, fostered trust, and contributed to improved public health outcomes.

10. Report of The Board of Management

Principal activities

The principal activities of the entity are to promote and participate in the provision of the integrated High quality preventive curative, rehabilitative Health care services to all citizens.

Results


The results of the entity for the year ended June 30 2025 are set out on pages 1 to 6.


Board of Management

During the year under review, the facility operated without a fully constituted Board of Management. The term of the previous Board expired on 30th March 2021. At present, only the Chairman has been confirmed and gazetted, while the nomination and approval of the remaining members is still pending before the County Assembly and is expected to be concluded in due course.

Auditors

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


.....
Name Silah O. Juseh
Secretary to the Board



11. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the *Rwambwa Sub county Hospital* financial statements, which give a true and fair view of the state of affairs of *Rwambwa Level 4 Hospital* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of *Rwambwa level 4 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 *Rwambwa Level 4 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 *Rwambwa level 4 Hospital*’s financial statements give a true and fair view of the state of *Rwambwa sub county hospital*’s transactions during the financial year ended June 30, 2025, and of *Rwambwa Level 4 Hospital*’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for *Rwambwa Level 4 Hospital*, which have been relied upon in the preparation of *Rwambwa Level 4 Hospital*’s financial statements as well as the adequacy of the systems of internal financial control.

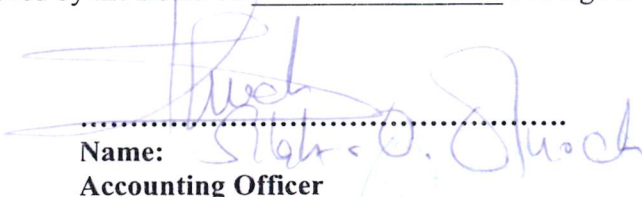
Nothing has come to the attention of the Board of management to indicate that *Rwambwa Level 4 Hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:



.....
Name:
Chairperson
Board of Management



.....
Name:
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

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 Rwambwa Sub County Hospital set out on pages 1 to 62, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget 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 Rwambwa Sub County Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the annual report and financial statements submitted for audit against the reporting template revealed the following anomalies;

- (i) Inconsistencies have been observed between the numbering of contents under table of content and the contents in the financial statements.
- (ii) The statement of cash flows reflects Kshs.1,377,264.44 as cash flows from operating activities. However, Note 43 reflects Kshs.1,373,953.18 resulting to unreconciled variance of Kshs.3,311.26.
- (iii) The statement of financial position reflects closing balance of Kshs.3,597,390.97 in respect of trade and other payables. However, the recalculated figure shows an amount of Kshs.3,683,630.27 resulting to unreconciled variance of Kshs.86,239.30.
- (iv) The statement of financial position reflects a closing balance of Kshs.15,973,455.65 in respect of receivables from exchange transactions. However, the recalculated amounts reflect an amount of Kshs.16,361,376.65 resulting to unreconciled variance of Kshs.387,921.
- (v) The statement of financial performance reflects rendering of services -medical income amounting to Kshs.21,132,849 as disclosed in Note 11 to the financial statements. However, review of the support ledgers provided for audit revealed an amount of Kshs.15,559,672 resulting to unexplained and unreconciled variance of Kshs.5,573,177.
- (vi) Appendix 1 on progress on follow up of auditor recommendations did not reflect the status and time frame for the issues raised in the previous audit report as provided in the reporting template.

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

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflects receivables from exchange transactions amounting to

Kshs.15,973,455.65, out of which an amount of Kshs.10,788,200 has been outstanding for more than 90 days as per the ageing analysis provided for audit. Management have not demonstrated any efforts put in place to ensure the amounts due are collected.

In the circumstances, the completeness and recoverability of receivables balance of Kshs.15,973,455.65 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflects a balance of Kshs.2,687,846 in respect of property, plant and equipment. However, the value of land on which the Hospital occupy was not disclosed under property, plant and equipment and the title deed for the parcel of land was not provided for audit review. Further, Management did not maintain standard assets register with details such as depreciation rate, annual depreciation, accumulated depreciation and net book values. In addition, Note 18 to the financial statements reflect an amount of Kshs.409,814 in respect of depreciation and amortization expense. However, the rates used to calculate the expense were not disclosed in the financial statement significant accounting policies.

In the circumstances, the accuracy, ownership and completeness of property plant and equipment balance of Kshs.2,687,846 could not be confirmed.

4. Inaccuracies in Disclosure of FIF, SHA/NHIF/UHC and Linda Mama Funds

The statement of financial performance reflects an amount of Kshs.21,132,849 relating to rendering of service – medical service income, which differs with the amount recorded by the County’s Receiver of Revenue records amount of Kshs.16,466,770, resulting to unreconciled variance of Kshs.4,666,079. The Hospital operates a Collections Account and provides returns to the Receiver of Revenue. It is not clear, and management has not provided explanation for the variance between the financial statements and the amounts reported by the Receiver of Revenue. Further, the following observations were observed:

- i. Note 11 to the financial statements reflect an amount of Kshs.6,686,049 net of NHIF/UHC funds in respect of Facility Improvement Funds. However, the Receiver of Revenue revealed that the Hospital reported FIF amount of Kshs.5,193,307 in respect of own source revenue generated from facility improvement fund resulting to unexplained and undisclosed variance of Kshs.1,492,742.
- ii. Further, Note 11 to the financial statements reflect an amount of Kshs.14,646,800 in respect of NIHF and UHC. However, the receiver of revenue revealed that the Hospital reported an amount of Kshs.10,364,794 in respect of own source revenue generated from NIHF and UHC resulting to unexplained and undisclosed variance of Kshs.4,282,006.
- iii. In addition, the Receiver of Revenue revealed that the Hospital reported an amount of Kshs.908,670 in respect of own source revenue generated from Linda Mama. However, the Hospital Management did not disclose Linda Mama revenue amounting to Kshs.908,670.

In the circumstances, the accuracy and completeness of own source revenue from FIF, SHA/NHIF/UHC and Linda Mama could not be confirmed.

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

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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Rwambwa Sub-County Level 4 Hospital in 2024/2025 revealed that the following twelve (12) matters remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Unsupported Inventory Balance
3	2023/2024	Failure to Prepare and Present Trial Balance
4	2023/2024	Unsupported Depreciation and Amortization Expenses
5	2023/2024	Property, Plant and Equipment
6	2023/2024	Unsupported Trade and Other Payables
7	2023/2024	Unresolved prior year audit matters
8	2023/2024	Late Submission of Financial Statements
9	2023/2024	Non-Compliance with the Prescribed Reporting Template
10	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
11	2023/2024	Lack of Internal Audit Review and Risk Management
12	2023/2024	Lack of Hospital Management Board

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Transfer Grants

The statement of cash flows reflects actual receipts from rendering of services – medical service income amounting to Kshs.15,559,672 and grants & subsidies expenses amounting to Kshs.1,674,751. Management transferred Kshs.1,674,751 or 10.7% in respect of grants to satellite dispensaries instead of Kshs.3,889,918 or 25% of total receipts. This is contrary to Section 41(2) of the Siaya County Health Services Act, 2018 which states that the revenue collected by a health facility shall be Seventy five percent of the monies received under subsection (41)(1) (b) shall be retained by the collecting facility and twenty five percent be distributed to satellite facilities.

In the circumstances, Management was in breach of the law

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed

that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 77% of the authorized establishment

Staffing Requirement	Level 4 Requirement	In Post	Variance	Percentage %
Medical Officers	16	0	16	100
Clinical Officers		7		
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	1	1	50
Registered Community Health Nurses	75	15	60	80
Total	101	23	78	77

In addition, the Hospital did not provide required services and lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance in Percentage %
Beds	150	30	120	80
Resuscitative (2 in labor & 1 in theatre)	3	0	3	100
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres -Maternity & General	2	0	2	100

Further, it was observed that the Hospital could not offer renal services.

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

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

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 matter 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

Lack of Hospital Management Board

During the year under review, the facility did not have a board of management in place to oversight, promoting development, approving plans, programs and estimates for implementing county health strategies in the hospital, and controlling the administration of the funds.

In the circumstances, overall supervision and effective controls and appropriate governance structure of the Hospital Management could not be confirmed.

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

Responsibilities of the Management and the Hospital Management Board

The 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.

The Board of Management is responsible for overseeing the Hospitals 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

03 December, 2025

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

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	8,199,473.00	7,360,726.00
Grants from donors and development partners	8	21,196,623.98	15,671,431
Transfers from other Government entities	9		-
Public contributions and donations	10	-	-
		29,396,096.98	23,032,157.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	21,132,849.10	17,532,343.00
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		21,132,849.10	17,532,343.00
Total revenue		50,528,946.08	40,564,500.00
Expenses			
Medical/Clinical costs	15	27,595,682.98	21,551,199.00
Employee costs	16	6,391,717.45	3,199,745.00
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	409,814.00	651,492.00
Repairs and maintenance	19	1,819,450.00	1,096,235.00
Grants and subsidies	20	1,674,751.15	411,840.00

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

General expenses	21	3,137,925.23	3,326,600.00
Finance costs	22	-	33,584.00
Total expenses		41,029,340.81	30,270,695.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	387,921.00	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		387,921.00	-
Net Surplus / (Deficit) for the year		9,111,684.27	10,293,805.00

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

Chairman
Board of Management

Head of Finance
ICPAK No:

Medical Superintendent



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

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

Description	Note	FY 2024 - 2025	FY 2023 - 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,088,878.44	782,000.00
Prepayments	28	-	-
Receivables from exchange transactions	29	15,973,455.65	10,788,200.00
Receivables from non-exchange transactions	30	-	
Inventories	31	4,544,149.40	2,436,166.00
Total Current Assets		21,606,483.49	14,006,366.00
Non-current assets			
Property, plant, and equipment	32	2,687,846.00	1,357,960.00
Intangible assets	33	843,718.75	1,596,600.00
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		3,531,564.75	2,954,560.00
Total assets (A)		25,138,048.24	16,960,926.00
Liabilities			
Current liabilities			
Trade and other payables	36	3,597,390.97	4,531,953.00
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		3,597,390.97	4,531,953.00
Non-current liabilities		-	-
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-

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

Total Liabilities (B)		3,597,390.97	4,531,953.00
Net assets (A-B)		21,540,657.27	12,428,973.00
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		19,405,489.27	10,293,805.00
Capital Fund		2,135,168.00	2,135,168.00
Net Assets		21,540,657.27	12,428,973.00

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



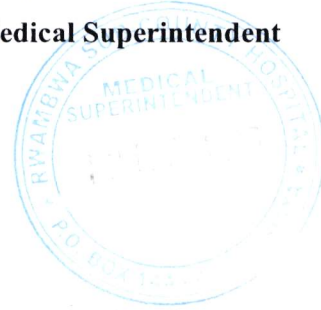
Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent



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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023				
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	10,293,805.00	2,135,168.00	12,428,973.00
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	10,293,805.00	2,135,168.00	12,428,973.00
At July 1, 2024	-	10,293,805.00	2,135,168.00	12,428,973.00
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,111,684.27	-	9,111,684.27
Capital/Development grants	-	-	-	-
At June 30, 2025	-	19,405,489.27	2,135,168.00	21,540,657.27

(Note:

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

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

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

Description	Note	FY 2024 - 2025	FY 2023 - 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
In-kind contributions from County Government		-	
Grants from donors and development partners			
Transfers from other Government entities		-	
Public contributions and donations		-	
Rendering of services- Medical Service Income		15,559,672.45	6,705,780.00
Revenue from rent of facilities			
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	
Total Receipts		15,559,672.45	6,705,780.00
Payments			
Medical/Clinical costs		4,547,967.96	2,593,391.00
Employee costs		302,917.45	490,916.00
Board of Management Expenses			
Repairs and maintenance		3,941,942.00	1,096,235.00
Grants and subsidies		1,674,751.15	411,840.00
General expenses		3,714,847.45	2,228,382.00
Finance costs		-	33,584.00
Refunds paid out		-	
Total Payments		14,182,426.01	6,854,348.00
Net cash flows from operating activities	43	1,377,246.44	(148,568.00)
Cash flows from investing activities			
Purchase of property, plant, equipment		1,070,368.00	1,054,600.00

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

Purchase of intangible assets		-	150,000.00
Proceeds from the sale of PPE		-	
Acquisition of investments		-	
Net cash flows used in investing activities		1,070,368.00	1,204,600.00
Cash flows from financing activities			
Proceeds from borrowings		-	
Repayment of borrowings		-	
Capital grants received		-	
Net cash flows used in financing activities		-	
Net increase/(decrease) in cash and cash equivalents		306,878.44	(1,353,168.00)
Cash and cash equivalents as at 1 July	27	782,001.00	2,135,168.00
Cash and cash equivalents as at 30 June	27	1,088,879.44	782,000.00

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	782,001.00	(782,001.00)	0%
Receipts						0%
Transfers from the County Government	12,364,297.00	-	12,364,297.00	8,199,473.00	4,164,824.00	66%
Grants from donors and development partners	21,196,623.98	-	21,196,623.98	21,196,623.98	-	100%
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	15,800,000.00	-	15,800,000.00	15,559,672.45	240,327.55	98%
Revenue from rent of facilities	-	-	-	-	-	
Finance /interest income	-	-	-	-	-	
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	
Total receipts	49,360,920.98	-	49,360,920.98	45,737,770.43	3,623,150.55	93%
Payments						
Medical/Clinical costs	29,062,326.78	-	29,062,326.78	27,855,264.94	1,207,061.84	96%
Employee costs	8,728,594.20	-	8,728,594.20	6,391,717.45	2,336,876.75	73%

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

Remuneration of directors		-	-		-	
Repairs and maintenance	1,675,000.00	-	1,675,000.00	3,941,942.00	(2,266,942.00)	235%
Grants and subsidies	500,000.00	-	500,000.00	1,674,751.15	(1,174,751.15)	335%
General expenses	7,745,000.00	-	7,745,000.00	3,714,847.45	4,030,152.55	48%
Finance costs	50,000.00	-	50,000.00	-	50,000.00	0%
Acquisition of Assets	1,600,000.00	-	1,600,000.00	-	1,600,000.00	0%
Depreciation and amortization expense					-	
Medical services contracts Gains/Losses			-		-	
Total Operational Expenditure paid	49,360,920.98	-	49,360,920.98	43,578,522.99	5,782,397.99	88%
Capital Expenditure paid	-	-	-	1,070,368.00	-	=
Surplus	-	-	-	1,088,879.44	(2,159,247.44)	

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Rwambwa Level 4 Hospital (Siaya 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	1,088,879.44
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	1,088,879.44

17. Notes to the Financial Statements

1. General Information

Rwambwa level 4 Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Siaya County Government and is domiciled in Siaya County in Kenya. The entity's principal activity is provision of quality Health Services

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

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

Standard	Effective date and impact:
	<p>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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by the Department of Health on *17th June 2025*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Rwambwa level 4 Hospital did not record additional appropriations on the FY 2024-25 budget following the Chief Officer of health approval. The *Rwambwa level 4 Hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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

i. Research and development costs

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

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

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

j. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial

asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured

at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key

management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

6 b Transfers from The County Government

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

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 (the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Salaries and wages	6,088,800	2,708,829
Medical supplies-Drawings Rights (KEMSA)		4,651,897
Laboratory-Drawings Rights	505,203	
Pharmaceuticals-Drawing Rights	1,173,952	
Non-Pharmaceuticals-Drawing Rights	431,518	
Utility bills		
Total grants in kind	8,199,473	7,360,726

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
MEDS- LAB COMMODITIES		3,102,313
Other grants (specify) KEMSA-ARVs, TB, PROGRAM COMMODITIES and MEDS	21,196,623.98	12,569,118
Total grants from development partners	21,196,623.98	15,671,431

(Provide brief explanation for this revenue)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-			
KEMSA-ARVs, TB, PROGRAM COMMODITIES	12,934,141.00	12,569,118.00			
MEDS- LAB COMMODITIES	8,262,482.98	3,102,313.00			
Total	21,196,623.98	15,671,431.00			

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from xxx National Hospital		
Transfer from xxx Institute		
Total Transfers		

10. Public Contributions and Donations

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships		

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Pharmaceuticals	1,015,204.00	1,039,161.00
Non-Pharmaceuticals	302,264.00	201,901.00
Laboratory	1,654,801.00	1,524,546.00
Radiology		
Orthopedic and Trauma Technology		
Theatre		
Occupational Therapy		
Ophthalmology		
NHIF and UHC	14,646,800.00	1,906,766.00
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Outpatient Services	74,850.00	
Physiotherapy		
Nutrition service		
Cancer centre service		
Dental services		
Reproductive health (Linda Mama)		110,060.00
Inpatient services	1,063,782.00	1,615,105.00
Paediatrics services		
Farewell home services		
Ambulance services		
Medical Records	440,000.00	322,604.00
Admission		
Trade Receivables	898,816.10	10,788,200.00
Other medical services income	648,411.00	24,000.00

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

Waivers and Exemptions	387,921.00	
Total revenue from the rendering of services	21,132,849.10	17,532,343.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Residential property		
Commercial property		
Total Revenue from rent of facilities		

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Interest income from Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
Total Miscellaneous income		

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	419,500	337,128.00
Public health activities		
Food and Ration	1,844,900.00	1,239,500.00
Uniform, clothing, and linen	100,000	30,000
Dressing and non-pharmaceuticals	694,420	262,800
Pharmaceutical supplies	806,816	354,603
Health information stationery	33,000	190,000
Physiotherapy		
Medical cost Trade payables		528,613
Reproductive health materials		
Sanitary and cleansing Materials	315,450	175,960
Purchase of Medical gases	74,300	3,400
Medical cost- donations		13,777,298
Other medical related clinical costs		4,651,897
Grants from donors and development partners	21,196,623.98	
In Kind	2,110,673	
Total medical and clinical cost	27,595,682.98	21,551,199

16. Employee Costs

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Salaries, wages, and allowances	302,917.45	490,916.00
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution		-
Employee costs paid – Drawing Rights from the County	6,088,800.00	2,708,829.00
Employee costs	6,391,717.45	3,199,745.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total		

18. Depreciation and Amortization Expense

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Property, plant and equipment	409,814.00	474,092.00
Intangible assets		177,400
Investment property carried at cost	-	-
Total depreciation and amortization	409,814.00	651,492.00

19. Repairs And Maintenance

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Property- Buildings	1,819,450.00	1,006,235.00
Medical equipment		90,000.00
Office equipment		
Furniture and fittings		
Computers and accessories		
Motor vehicle expenses		76,400.00
Maintenance of civil works		
Total repairs and maintenance	1,819,450.00	1,172,635.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies(<i>specify</i>)	1,674,751.15	411,840
Total grants and subsidies	1,674,751.15	411,840

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	175,000.00	185,600.00
Waste management expenses	-	-
Insecticides and rodenticides	-	39,000.00
Electricity expenses	-	515,000.00
Bank charges	13,284.50	
Conferences and delegations	70,000.00	
Institutional Appliances	63,000.00	
Consultancy fees		
Contracted services		
Electricity expenses	449,167.00	
Fuel and Lubricants	160,000.00	146,000.00
Other fuel (Charcoal and Firewood)	-	181,000.00
Insurance		
Research and development expenses		

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

Travel and accommodation allowance	315,000.00	397,500.00
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	316,180	255,000.00
General office supplies	358,294	322,150.00
Daily Subsistence Allowance	345,000.00	-
Rent expenses	-	-
Water and sewerage costs		
Skills development levies		
Telephone and mobile phone services	430,000.00	235,000.00
Internet expenses	368,000.00	
Staff training and development	75,000	90,000.00
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Other Operating Expenses	-	179,100.00
Trade payables	-	781,250.00
Total General Expenses	3,137,925.23	3,326,600.00

22. Finance Costs

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Bank Charges		33,584
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs		33,584

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised (<i>specify</i>)		
Total gain on sale of assets		

24. Unrealized Gain On Fair Value Investments

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Investments at fair value		
Total gain		

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	387,921	
Total Gain/Loss	387,921	

26. Impairment Loss

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss		

27. Cash And Cash Equivalentents

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Current accounts	1,088,878.44	782,000
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalentents	1,088,878.44	782,000

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

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

Description		FY 2024 - 2025	FY 2023 - 2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1162563745	238,105.79	239,871
Kenya Commercial bank	1129591484	850,772.65	542,130
Sub- total		1,088,878.44	782,001
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		1,088,878.44	782,001

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Insurance		
Rent		
Water		
Internet		
Others specify		
Total		

29. Receivables From Exchange Transactions

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Medical services receivables	15,973,456	10,788,200
Rent receivables	-	
Other exchange debtors	-	
Less: impairment allowance	-	
Total receivables	15,973,455.65	10,788,200

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	15,973,456	100	10,788,200	%
Between 1- 2 years	-	%		%
Between 2-3 years	-	%		%
Over 3 years	-	%		%
Total (a+b)	15,973,455.65	100	10,788,200	%

E

30. Receivables From Non-Exchange Transactions

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total		

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

31. Inventories

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Pharmaceutical supplies	2,872,708.00	1,134,301.00
Non Pharms	648,254.40	408,715.00
Radiology		
Dental materials		
Laboratory materials	844,922.00	685,060.00
Maintenance supplies		
Food supplies	72,775.00	105,695.00
medical records		77,600.00
Cleaning materials supplies	67,990.00	9,740.00
General supplies	37,500.00	15,055.00
Less: provision for impairment of stocks	-	-
Total	4,544,149.40	2,436,166.00

Detailed disclosure on inventories

	FY 2024 - 2025	FY 2023 - 2024
Opening balance	2,436,166	
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation Rate		2%		12.5%	30%	12.50%			
Cost									
At 1 July 2023	-	-	-		120,000	1,161,769	-	-	1,281,769
Additions	-	-	-	-	760,000	294,600	-	-	1,054,600
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	880,000.00	1,456,369.00	-	-	2,336,369.00
Depreciation and impairment									
At 1 July 2023		-	-	-	15,000.00	489,317.00	-	-	504,317.00
Depreciation for the year		-	-	-	110,000.00	364,092.00	-	-	474,092.00
Disposals		-	-	-	-	-	-	-	-

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

Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		-	-	-	125,000.00	853,409.00	-	-	978,409.00
NBV 30th June 2024					755,000.00	602,960.00	-	-	1,357,960.00
At 1 July 2024					755,000	602,960	-	-	1,357,960
Additions	-	1,459,700	-	30,000	250,000		-	-	1,739,700
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	1,459,700.00	-	30,000	1,005,000	602,960	-	-	3,097,660
At July 2024		-	-	-	-	-	-	-	-
Depreciation		29,194	-	3,750	301,500	75,370	-	-	409,814
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		29,194.00	-	3,750.00	301,500.00	75,370.00	-	-	409,814.00
Net book values									

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

At 30 th Jun 2024	-	-	-	-	880,000.00	1,456,369.00	-	-	1,357,960.00
At 30 th Jun 2025	-	1,430,506.00	-	26,250.00	703,500.00	527,590.00	-	-	2,687,846.00

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

***Disclosure**

The depreciation rates used are for the National Government

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Cost		
At beginning of the year	964,250.00	1,624,000
Additions		150,000
Additions-Internal development	-	
Disposal	-	
At end of the year	964,250.00	1,774,000
Amortization and impairment		
At beginning of the year	-	
Amortization for the period	120,531.25	177,400
Impairment loss		
At end of the year	120,531.25	177,400
NBV	843,718.75	1,596,600

34. Investment Property

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
At beginning of the year		
Additions		
Disposals during the year		
Fair value gain		
Depreciation (<i>where investment property is at cost</i>)		
Impairment		
At end of the year		

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property

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

if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
Total		

36. Trade and other Payables

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
Trade payables	3,597,390.97		4,531,953	
Employee dues	-			
Third-party payments (e.g. unremitted payroll deductions)	-			
Audit fee	-			
Doctors' fee	-			
Total trade and other payables	3,597,390.97		4,531,953	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	3,597,390.97		12,830,604	100
1-2 years				
2-3 years				
Over 3 years				
Total	3,597,390.97	100	12,830,604	100

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

37. Refundable Deposits from Customers/Patients

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (<i>specify</i>)				
Total deposits				
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

38. Provisions

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

39. Finance Lease Obligation

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

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

40. Deferred Income

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

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

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period		

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

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total		

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

43. Cash Generated from Operations

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Surplus for the year before tax	9,111,684.27	10,293,805.00
Adjusted for:		
Depreciation	490,069.99	651,492.00
Non-cash grants received		-
Impairment		-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(2,107,983.40)	(1,545,687.00)
Increase in receivables	(5,185,255.65)	(8,988,170.00)
Increase in deferred income	-	-
Increase in payables	(934,562.03)	(560,008.00)
Increase in payments received in advance		-
Net cash flow from operating activities	1,373,953.18	(148,568.00)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2025 (current year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. 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.

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024(previous year)			
Euro	10%		
USD	10%		
2025(current year)			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ <i>(excess cash and cash equivalents)</i>		
Gearing		

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

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx		
Sales of services to xxx		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		

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

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

46. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. Contingent Liabilities

Contingent liabilities	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

48. Capital Commitments

Capital Commitments	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Authorised For		
Authorised And Contracted For		
Total		

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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

18. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

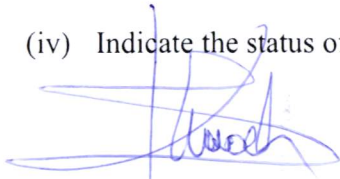
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Depreciation and amortization expenses	The hospital maintains an asset register, however there are some components of the register which have not been populated due to limited information regarding specific assets.		
2.	Lack of title deed	The facility is in the process ascertaining the actual acreage with the intention of getting the title deed		
3.	Late submission of financial statements	The financial statements were submitted within the given timelines		
4.	Deficiencies in implementation of UHC criteria	We are in consultation with the department of Health over staffing and infrastructure issues as per the Siaya County CIDP 2023-27		
5.	Lack of Hospital Management board	The board was constituted partially with only the chairman gazetted.		

Disclosure

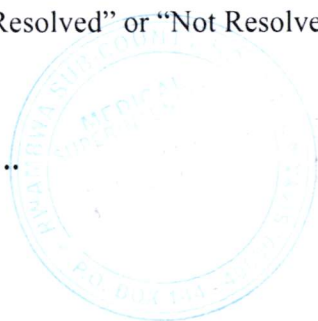
The recommendations of audit issues discussed by County Assembly PIC/PAC are not yet out for our implementation.

Guidance Notes:

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



.....
Accounting Officer



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

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix V: Disaster Expenditure Reporting Template

Progra mme	Sub- progra mme	Disa ster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigatio n/preparedness)	Expend iture item	Amo unt (Ksh s.)	Comm ents

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

TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2025

	Notes	DR	CR
ACCUMULATED SURPLUS	27		2,135,168.00
TRANSFER FROM COUNTY GOVERNMENT	6	-	-
IN KIND CONTRIBUTIONS	7		8,199,473.00
CAPITAL FUND			10,293,805.00
GRANTS FROM DONORS AND DEVELOPMENT PARTNERS	8	-	21,196,623.98
TRANSFER FROM OTHER GOVERNMENT ENTITIES	9	-	-
PUBLIC CONTRIBUTIONS AND DONATIONS	10	-	-
RENDERING OF SERVICES-MEDICAL SERVICE INCOME	11	-	21,132,849.10
REVENUE FROM RENT OF FACILITIES	12	-	-
FINANCE/INTEREST INCOME	13	-	-
OTHER INCOME	14	-	-
MEDICAL/CLINICAL COST	15	27,595,682.98	
EMPLOYEE COST	16	6,391,717.45	
BOARD OF MANAGEMENT EXPENSES	17		
DEPRECIATION AND ARMOTIZATION EXPENSES	18	409,814.00	
REPAIR AND MAINTENANCE	19	1,819,450.00	
GRANTS AND SUBSIDIES	20	1,674,751.15	
GENERAL EXPENSES	21	3,137,925.23	
FINANCE COST	22		
GAIN/LOSS ON DISPOSAL OF NON - CURRENT ASSETS	23		

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

UNREALIZED GAIN ON FAIR VALUE INVESTEMENT	24		
MEDICAL SERVICES CONTRACT GAIN/LOSSES	25	387,921.00	
IMPAIRMENT LOSS	26		
CASH AND CASH EQUIVALENT	27	1,088,878.44	
RECEIVABLE FROM EXCHANGE TRANSACTION	28	15,973,455.65	
RECEIVABLE FROM NON-EXCHANGE TRANSACTION	29	-	
INVENTORY	31	4,544,149.40	
PROPERTY PLANT AND EQUIPMENT	32	2,687,846.00	
INTANGIBLE ASSET	32	843,718.75	
INVESTMENT PRPORTY	33		
TRADE AND OTHER PAYABLES	34		3,597,390.97
REFUNDABLE DEPOSIT FROM CUSTOMERS/PATIENTS	35		
PROVISIONS	36		
FINANCE LEASE OBLIGATION	37		
DEFERRED INCOME	38		
BORROWINGS	39		
SERVICE CONCESSION ARRANGEMENTS	40		
CASH GENERATED FROM OPERATIONS	41		
TOTAL PAYMENTS		66,555,310.05	66,555,310.05