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REPORT

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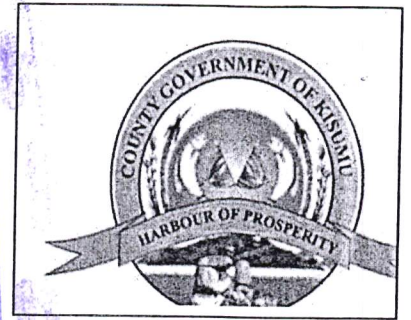
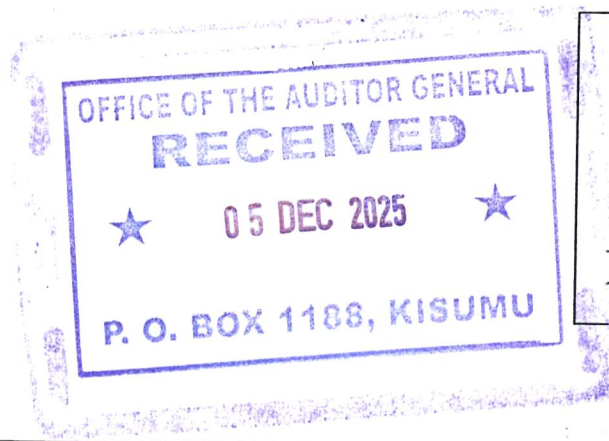
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MUHORONI SUB - COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISUMU

BR



MUHORONI COUNTY Level 4 HOSPITAL (County Government of Kisumu)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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.

AIE Authority to Incur Expenditure

HOD Head of Department

HMT Hospital Management Team

HMB Hospital Board of Management

OAG Office of the Auditor General

CAK County Assembly of Kisumu

COH Chief Officer of Health

CECM County Executive Committee Member for Medical Services, Public Health and
Sanitation

(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)

Key Entity Information and Management

(a) Background information

Muhoroni County Hospital is a level (4) hospital established under gazette notice number 786 and is domiciled in Kisumu County under the Department of Medical Services, Public Health and Sanitation. The hospital is governed by a Board of Management.

(b) Principal Activities

The Muhoroni County Level IV Hospital, an entity of County Government of Kisumu seeks to realize;

Vision:

A healthy population for peace and prosperity

Mission:

To realize the full potential of devolution of Health Services and meet the development aspirations of the people of Muhoroni Sub-County through the provision of Quality Healthcare

Strategic Objectives (S.O.) of Medical Services, Public Health and Sanitation Department, County Government of Kisumu.

S.O. 1: Accelerate reduction in the burden of communicable diseases

S.O. 2: Halt, and reverse the rising burden of non- communicable conditions

S.O. 3: Reduce burden of violence and injuries

S.O.4: Improve persons centered essential health services

S.O.5: Minimize Exposure to Health Risk Factors by strengthening health promotion interventions which address risk factors to health

S.O.6: Strengthen Collaboration with Health-Related Sectors

(c) Key Management

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

- County department of Medical Services, Public Health and Sanitation
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team with committee and sub committees

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. David Akuom
2.	Health Administration Officer	Mr Daniel Omanga
3.	Head of Nursing	Mrs Scholastica Mzera
4.	Head of laboratory	Mr. Zacheus Simba
5.	Head of Pharmacy	Mr. Maurice Waga
6.	Head of Clinical services	Dr. Nigel Likoko
7.	Health Records and Information	Mrs. Brenda Adongo
8.	Biomedical Engineer	Mr Aloyce Mboya
9	Head of Finance	CPA,CS Oyoo John Otieno

(e) Fiduciary Oversight Arrangements

Muhoroni County Hospital governed by a board of hospital management (HMB) as gazetted periodically via the Kenya Gazette notices, and the hospital management team (HMT) comprising of the Hospital heads of units and departments, the Medical Superintendent Chairs the HMT and is the secretary to the HMB.

There are committees and sub committees comprising of members appointed from both HMB and HMT playing oversight over the internal control mechanisms within the entity, namely Hospital Ethic Committee, Hospital Anti-Corruption Committees, Executive Expenditure Committee, Hospital Human Resource Advisory Committee, Hospital Audit Committee, Medicines and Therapeutics Committee and Quality Management Committee.

The hospital management works under the leadership of the Kisumu County Government Department of Medical Services Public Health and Sanitation Chief Officer; the director Medical services and director Public Health and Sanitation, under the patronage by the Kisumu County Executive Committee Member. The entity is oversighted by the County Assembly of Kisumu.

Key Entity Information and Management (continued)

(f) Entity Headquarters

MUHORONI COUNTY HOSPITAL
P.O. Box 71
Muhoroni,
KENYA

(g) Entity Contacts

Telephone: (+254) 782238520
E-mail: muhoronisdh@gmail.com

(h) Entity Bankers

Commercial Banks

1. Cooperative bank of Kenya
2. Kenya Commercial Bank

(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. 2738 - 40100
Kisumu, Kenya



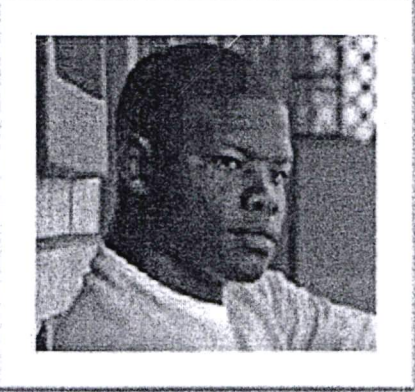
2. The Board of Management



Ref	Directors	Details
1.	<p>Mr. David Kodongo</p> 	<p>Born in 1953, Mr. Kodongo is an independent board member and the Chairman of the Muhoroni CH Board of Management. He previously served as the Managing Director Muhoroni Sugar Company Mr. Kodongo holds a Master's Degree in Public Administration (MPA) from University of Nairobi.</p>
2.	<p>Dr. Akuom O. David</p> 	<p>Born in 1993, Dr Akuom is the Medical Superintendent/ CEO Of The Hospital and Secretary To The Hospital Board Of Management. Dr. Akuom is a Senior Medical Officer with four years of management of health services and systems. Dr. Akuom holds a bachelor's degree in Medicine and Surgery with Information technology from Maseno University.</p>
3.	<p>Mrs. Dorothy Bonyo</p> 	<p>Born in 1962, Mrs Bonyo is an independent board member, an experienced community activist with overreaching experience in community protections, mobilization and engagement. Previously served as the Executive Director and Co-Founder of Women Enterprises International. Mrs</p>

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		Bonyo holds a bachelor's degree in Community Development.
4.	<p>Mr. Stephen Were</p> 	<p>Born in 1959. Mr Were is an independent board member, a tutor with 36 years of experience in teaching and 26 years of management of secondary schools culminating to his previous role as Chief Principal. Mr Were holds a bachelor's degree in Education, BED science from Kenyatta University.</p>
5.	<p>Mr. Duncan Rawich</p> 	<p>Born in 1955, Mr Rawich is an independent board member who has served in several capacities in both private and public sectors as a nursing officer, previously served as the director Nursing services in Homabay County Hospital for over 10 years. Mr Rawich holds a degree in Nursing, BSCN.</p>

3. Key Management Team


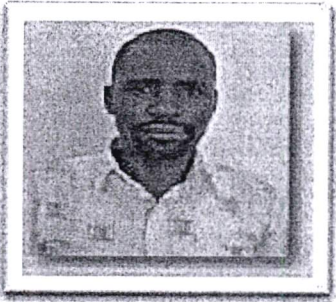

Ref	Management	Details
1.	 <p>Dr. Akuom, David Odhiambo Bachelor of Medicinine and Bachelor of Surgery with Information Technology</p>	<p>Medical Superintendent/ CEO Of The Hospital Secretary To The Hospital Board Of Management Senior Medical Officer</p>
2.	 <p>Mrs Scholastica Mzera Chief Registered Nurse, KRCHN</p>	<p>Head of Nursing Services</p>
3.	 <p>Mr. Daniel Omanga Diploma in Community Health</p>	<p>Hospital Administrative Officer, HAO</p>




	<p>Certificate in Business Administration</p>	
<p>4.</p>	 <p>Mr. Zacchaeus Simba Diploma in Medical Laboratory Science B.Sc. in Medical Laboratory Science</p>	<p>Head of Laboratory Services Laboratory Manager</p>
<p>5.</p>	 <p>Dr. Nigel Likoko Bachelor of Medicine and Bachelor of Surgery</p>	<p>Director Clinical Services Senior Medical Officer</p>

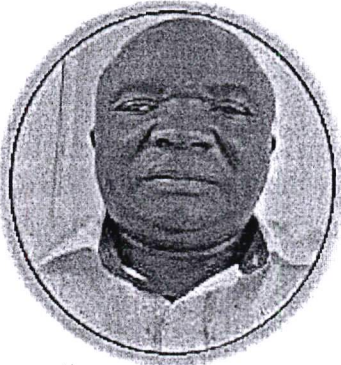
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6.	 <p>Winnie Ocheche Kenya Registered Nurse, KRCHN</p>	Head of General Ward
7.	 <p>George Owino Community Oral Health Officer, COHO</p>	Head Dental Services
8.	 <p>Elizabeth Oriko Bachelor of Science Public Health</p>	Head Public Health Services

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<p>9.</p>	 <p>Hillary Osome Assistant Nutritionist Officer Diploma in Nutrition and Dietetics</p>	<p>Head Nutrition Services</p>
<p>10.</p>	 <p>Thomas Owino Community Health Assistant, CHA Diploma in Environmental Health Sciences</p>	<p>Head Community Health Unit</p>
<p>11.</p>	 <p>Aloyce Mbuya Diploma in Biomedical Engineering</p>	<p>Head Biomedical Engineering Services</p>

12.	 <p>Salim Onyango Registered Clinical Officer Diploma in Clinical Medicine and Surgery</p>	<p>Clinical Officer In charge</p>
13.	 <p>Deograteous Okoth Opande Registered Clinical Officer Diploma in Clinical Medicine & Surgery, Certified Expert in Key Population Research & Programming</p>	<p>Head of Quality Management, Training, Research & CME</p>
14.	 <p>Brenda Adongo Diploma in Health Records and Information Technology.</p>	<p>Head Health Records and Information</p>

<p>15.</p>		<p>CPA, CS JOHN OTIENO OYOO</p> <p><i>Chief Accountant and Ag. Head of Finance and Administration</i></p> <p><i>Gender : Male</i></p> <p><i>Age : 50</i></p> <p><i>Subcounty: Kadibo</i></p> <p><i>John Otieno Oyoo, is a Certified Public Accountant and Certified Secretaries Professional of Kenya who is an accomplished certified public accountant and certified secretaries with over 20 years of experience in Finance, Accounting, Revenue Administration, Auditing, Human Resource and Strategic Leadership. CPA,CS Oyoo holds a degree in Finance from Catholic University of Eastern Africa (CUEA) with vast knowledge in leadership, management, finance among others. He has served in various departments that is to say Finance, Energy, Industrialisation, Lands,housing, Physical Planning and Urban Development and City. Currently, CPA, CS Oyoo is serving as the Chief Accountant and Ag. Head of Finance Muhoroni County Hospital.</i></p>
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4. Chairman's Statement

On behalf of the Board, I acknowledge that we are responsible for this hospital entity governance. I am specifically responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role, including good governance in dealing with our core mandate. This includes ensuring that Board meetings are held in an open manner, that the members receive accurate, timely and clear information and allowing sufficient time for agenda items to be discussed. I am also responsible for effective communications with stakeholders and acting as a link between the hospital and the community in providing holistic care.

The Board remains committed to maintaining and evolving high standards of oversight throughout the entity

On behalf of the board of directors' of Muhoroni County Hospital, I am pleased to present the 2025 financial statements of the hospital, during this financial year 2025 ("FY 2024/2025") we lost one member of the Board, the late Mr. Jerim Odada.

During this financial year disruptions across supply chains, together with the depreciation of the shilling, increased the cost of doing business and impacted on our business spend management. As we transitioned through the health sector reforms in Kenyan health care financing, from NHIF TO SHA the period has been marked with ups and downs. Nevertheless, despite facing an ongoing volatile and uncertain health situation, we managed to overcome these hurdles by tapping into our robust fundamentals and providing the much sorted aid to our patients during this transition period.

The Hospital remains resilient in delivering quality health services as per the hospital vision and mission to the catchment population and beyond the borders in spite of the challenging and hard economic times.

The Board of management remains ambitious in its pursuit of excellence in the healthcare space as reflected in the implementation of the annual work plan and the annual budgets.

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During the financial year 2024/2025 the hospital received a total of KShs **33,741,731** from majorly exchange transactions as shown in the table below, with an opening balance of **Ksh 2,607,934** as surplus from FY 2023/2024 and a closing balance of **Ksh17,858,278**

The total expenses for the year stood at **KShs29,258,640** under the following vote heads as shown in the table, at the close of the year the total liabilities stood at Ksh. **13,720,602** while total current asset balance was at **KShs. 31,282,227**. I want to appreciate each and every team member of Muhoroni County Hospital for the wonderful job done in this financial year and for dedication to achieving the objectives of the Hospital.

Mr. David Kodongo
Chairman, Board of Management
Muhoroni County Hospital
County Government of Kisumu



.....
Name

Chairman to the Board

Muhoroni County Hospital (County Government of Kisumu)
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5. Report of The Medical Superintendent

I am pleased to present to you the key highlights of the Annual Report and Financial Statements for the year ended 30th June 2025 for Muhoroni County Level 4 Hospital. The hospital management received a total, **KShs 33,741,731**. **KShs 18,491,387** paid out on different expenses during the period and by end of the financial year 30th June 2025 the hospital current liabilities stood at **KShs13,720,602** summarized in tables below with an opening balance of **Ksh2,607,934** as surplus from FY 2023/2024 and a closing balance of **Ksh17,858,278**

Revenue from exchange transactions	
Rendering of services- Medical Service Income	33,681,731
Revenue from rent of facilities	60,000
Miscellaneous Income	-
Total revenue	33,741,731

The total budget for the period FY 2024/2025 was at **Ksh19, 767,891**.as per the table highlight below

Vote Head	AMOUNT KSH
Medical/Clinical costs	9,265,000
Employee costs	1,400,000
Remuneration of directors	190,000
Repairs and maintenance	2,290,000
General expenses	6,698,600
Total	19,843,600

The total expenses for the year stood at KSH. 29,258,640 under the following vote heads as shown in the table, at the close of the year the total liabilities stood at **KSH. 13,720,602** while total current asset balance was at **KSH. 31,282,227**

Expenses	AMOUNT KSH
Medical/Clinical costs	16,170,600
Employee costs	1,571,450
Board of Management Expenses	180,000
Repairs and maintenance	2,786,132
General expenses	8,550,408
Total expenses	29,258,640

NURSING SERVICES

Quality nursing care remains the pillar of differential healthcare for The Muhoroni County Hospital patient. The division employs various approaches to enhance care and improve quality. The nursing team has focused on training in quality and patient safety goals

To further enhance quality, Nurses were trained in various hospital sponsored specializations including Critical Care Nursing, Perioperative Nursing, Kenya Registered Midwifery Training, Accident and Emergency Nursing.

In 2024, the Average length of stay sustained at 4.5 days, higher than 2023. This was however in line with WHO data that indicates the length of stay in Africa during the post covid era to be 3 to 5 days.

The patient loyalty score remained above 95% for most part of the year with patient concerns being addressed promptly.

IMAGING & RADIOLOGY

In keeping with the vision of the hospital to provide cutting edge service, the hospital in 2023 initiated process to acquire digital x-ray machine and is in the process of renovating the room for the installation we expect better throughput, reduced down-times, higher quality imaging and better cost efficiencies with these new machine once procured.

We continue to offer quality antenatal ultrasound services that have helped save many maternal and foetal lives thus reducing maternal and foetal mortalities.

LABORATORY SERVICES

Revenue from laboratory tests increased by 76% in 2025 over 2024, attributed largely to increased efficiencies in running of tests and greater public awareness on testing, prevention, and treatment of diseases and SHA.

The laboratory continued its path of digital transformation, some expanded test panels include STD panel and ANC panels. Some of the new tests include HPV and stool for H pylori antigen test

In 2025 the laboratory TAT improved from 83% to 85%, attributed to the KAIZEN improvement project which the lab has been able to sustain.

The Laboratory expansion project is ongoing with completion expected within 2026. This is expected to further boost outcomes and improve turnaround times and expand service delivery.

PHARMACY SERVICES

The departmental quality objective on monitoring turnaround time (TAT) is on track. All outpatient pharmacies met the target of serving over 80% of patients within 30 minutes. The overall outpatient average was at 80%. The hospital's turnover increased by 93% primarily

driven by increase in patient numbers in of 2025, the hospital completely separated the dispensing area from the stores further complementing its service delivery efficiency.

HUMAN RESOURCES

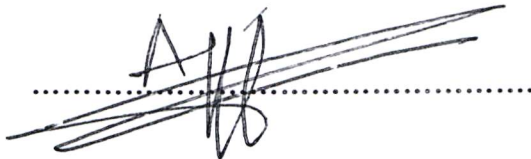
The Human Resources (HR) Division continued to ensure that the institution attracted employees with the required skills and experiences and to further retain, motivate and develop them. Investing in employees remained paramount, a key pillar in realizing the hospital's strategic objectives.

The first step to this was carrying out a reorganization program to allow the hospital to have the right organization design to effectively carry out the objectives contained in the Strategic Plan.

APPRECIATION

I take this opportunity to express my appreciation to the Chairperson and Members of the Board of Management for their guidance and support throughout our transformation journey. I acknowledge the contribution of our entire Staff and Management towards the performance of the hospital. They worked tirelessly through the challenges of 2025 and demonstrated an enduring commitment to provide excellent services to our clients. Thanks also to members of the Admitting Staff for their continued collegial support

Dr Akuom O. David
Medical Superintendent
Muhoroni County Hospital
County Government of Kisumu



A handwritten signature in black ink, appearing to be 'A. O. David', is written over a horizontal dotted line. The signature is stylized and somewhat cursive.

Secretary to the Board

6. Statement of Performance Against Predetermined Objectives

It is my responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development.

MUHORONI COUNTY HOSPITAL has 3 Annual Program Based Service Delivery Work plan and objectives within the current FY 2024-2025.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Muhoroni County Hospital Board of Management achieved its performance targets set for the FY 2024/2025 period for its 12 sub programs under the 3 main program based areas, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Sub Program 1:Hospital Service delivery	4	Number of Blood drives for blood and transfusion services	Blood drives for blood and transfusion services	4
	2	Number of children Under 5 dying in health facility	Children Under 5 dying in health facility	0
	20	Number of surgical cold cases operated	surgical cold cases operated	8
	4	Community based rehabilitation outreaches	Community based rehabilitation outreaches	8
	12	Number clients referred for further management to level 5	Referral for further management to level 5	79
Sub Program 2:Reproductive / Maternal Neonatal Child Health (RMNCH) Services/RMNCAH dashboard	100%	% of pregnant women getting iron supplements	pregnant women getting iron supplements	100%
	100%	% of under five years treated for Diarrhoea	under five years treated for Diarrhoea	100%
	100%	% of Pregnant women attending at least 4 ANC visits	Pregnant women	93%

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			attending at least 4 ANC visits	
	100%	Women of reproductive age (WRA) receiving family planning (FP) commodities coverage	Women of reproductive age (WRA) receiving family planning (FP) commodities coverage	86%
	554	Deliveries conducted by skilled attendants in health facilities coverage	Deliveries conducted by skilled attendants in health facilities	112%
	0%	Under 1 year Penta 1 dropout rates	Penta 1 dropout rates	03%
	100%	Children under 1 year of age fully immunized coverage	Children under 1 year of age fully immunized coverage	88%
Sub Program 3: Nutrition Services	100%	Proportion of ANC Mothers provided with Combined folate	Proportion of ANC Mothers provided with Combined folate	96%
	<5%	% of Children under 5 years attending Child Welfare Clinics who are stunted	Children under 5 years attending Child Welfare Clinics who are stunted	1.8%
Sub Program 4: TB Control Interventions	36	Number of TB cases Identified	TB cases Identified	43
	100%	Proportion of TB Patients tested for HIV	TB Patients tested for HIV	56%
	0	Number of MDR TB diagnosed	MDR TB diagnosed	1
Sub program 5: HIV/AIDS	95	Number of PLWHIV newly identified	PLWHIV newly	55

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prevention interventions			identified	
	0%	Proportion of deliveries from HIV+ve Mothers	deliveries from HIV+ve Mothers	8%
	>95%	Proportion of HIV clients on ART virally suppressed	HIV Viral Suppression	92%
Sub program 6: Malaria Control Interventions	100%	Proportion of Children under 1 distributed with Long Lasting Insecticide Treated Nets (LLITNs) in endemic and epidemic districts	Children under 1 distributed with Long Lasting Insecticide Treated Nets (LLITNs)	96%
	100%	Proportion Pregnant women receiving LLITNs	Pregnant women receiving LLITNs	98%
	100%	Proportion of pregnant women receiving IPT2	pregnant women receiving IPT2	97%
	<25%	Proportion of patients testing Malaria positive among those suspected to have Malaria	Malaria Positivity rate	22%
Sub Program 7: Non-Communicable Disease Control	594	Number of Women of Reproductive Age screened for cervical cancers	Women of Reproductive Age screened for cervical cancers	431
	20	Number of new Outpatients with mental health conditions	new Outpatients with mental health conditions	18
	20	Number of new Outpatients found with high blood pressure	new Outpatients found with high blood pressure	74
Sub Program 8: Gender based violence /GRM Interventions	60	Number of new outpatient cases attributed to gender-based violence	new outpatient cases attributed to gender-based	65

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			violence	
Sub Program 9: Health workers and Human Resource Management	16	Total number of Medical officers	number of Medical officers	2
	24	Total number of Clinical Officers	number of Clinical Officers	10
	127	Total number of Nursing staffs	number of Nursing staffs	28
	18	Total Number of Laboratory staffs	Number of Laboratory staffs	10
	0	Total number of staffs on sick leave	number of staffs on sick leave	1
	1	Total number on study leave	number on study leave	0

7. Corporate Governance Statement

The County Government of Kisumu has instituted systems to ensure that high standards of governance are maintained at all levels of the Hospital.

The Hospital Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

The Board of Management is responsible for the provision of oversight to the operational activities of the Hospital on behalf of the members of the public and citizen of Kenya in line with the manifesto of the Governor and Ministry of Health regulations and guidelines.

They are also entrusted with the responsibility of ensuring strong corporate governance and ethical practices within the Hospital. Their role extends to ensuring that the Hospital complies with the relevant laws.

The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate best practices.

Below are the key features of corporate governance structures and internal control systems put in place and that were in operation during the year.

BOARD OF MANAGEMENT

The Board of Management is composed of non-executive appointed members via The Kenya Gazette Notices after every 3 years.

Exercising the powers conferred by Article 183 and 186(1) of the constitution of Kenya 2010, and Part 2 of the Fourth schedule thereof, section 36 of the County Government Act and section 20 (n), (o), and (p) of the Health Act, 2017, the Kisumu County Executive Committee Member for Medical Services, Public Health and Sanitation, appointed on 27th October 2023 via The Kenya Gazette Notice issue Vol. CXXV 234 the following (see table below) to the Muhoroni Sub-County Hospital board for a term of 3 years to serve on part-time basis;

Ref	Directors	Details
1.	Mr. David Kodongo	Chairperson
2.	Dr. Akuom O. David	Secretary
3.	Mrs. Dorothy Bonyo	Member
4.	Mr. Stephen Were	Member
5.	Mr. Duncan Rawich	Member

The Board is held accountable and responsible for the effective governance of the institution. Members of the Board have a broad range of skills and experience, and each brings independent judgment and unique expertise and advisory perspectives to the Board's deliberations.

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

- Approve and adopt strategic plans and annual budgets, set objectives, and review key risk and performance areas.
- Determine overall policies and procedures to ensure integrity of the Hospital's management of risk and internal controls.
- Review, at regular meetings, Management's performance against approved deliverables.

The full Board meets at least four times a year and the Chairperson holds monthly meetings with the Chief Executive Officer.

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The Board members are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance matters.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

BOARD MEETINGS

The Board meets quarterly as per its annual work plan or additionally when necessary to consider matters of entity oversight. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within the stipulated timeline.

The Main Board held 4 meetings attended as follows:

Member	Meetings Attended
Mr. David Kodongo	4
Dr. Akuom O. David	4
The late Mr. Jerim Odada	2
Mrs. Dorothy Bonyo	3
Mr. Stephen Were	4
Mr. Duncan Rawich	0

BOARD REMUNERATION

Hospital Board of Management members provide services to the entity to which they are entitled to a remuneration as provided for by the SRC guidelines and circulars on Remuneration of board members for level IV hospitals. They are paid a standard fee for attending Board meetings, board committee meetings and any other entity business that they may be called to undertake.

8. Management Discussion and Analysis

Clinical/operational performance

Data from the Health records and information department shows the following details as to clinical/ operational performance of Muhoroni County Hospital in the financial years of 2022/2023 and 2023/2024:

Performance Item/	Unit of count/	Financial year
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Activity	measure	2024-2025	2023 - 2024
Bed capacity of the hospital	No. of beds	80	44
Overall patient attendance during the year; both inpatient & outpatient	No. of patients	23,418	12,341
Accident and emergency attendance	No. of attendances	120	0
Specialised clinic attendance	No. of attendances	19,812	15,812
Average length of stay for inpatient	No. of days	4.5	3.0
Bed occupancy rate	Percentage	98%	76%
Mortality rate	Percentage	0.06%	0.16%
Surgical theatre utilisation – CS deliveries	No. of procedures	156	133
Surgical theatre utilisation – minor operations (circumcisions)	No. of procedures	730	529

The hospitals lacks accidents and emergency department. As such all cases received within the periods above were all referred to either Kisumu County Referral Hospital or Jaramogi Oginga Odinga Teaching and Referral Hospital.

Financial performance that includes

During the period the FY 2024-2025, Muhoroni County Hospital generated its revenues from the on-source revenue collections (service charges), NHIF and MARWA disbursements as well as the insurance recoveries from SHA.

The hospital management received a total, **KShs 33,741,731**. **KShs 18,491,387** paid out on different expenses during the period and by end of the financial year 30th June 2025 the hospital current liabilities stood at **KShs 13,720,602** summarized in tables below with an opening balance of **Ksh2,607,934** as surplus from FY 2023/2024 and a closing balance of **Ksh17,858,278**

Revenue from exchange transactions	
Rendering of services- Medical Service Income	33,681,731
Revenue from rent of facilities	60,000
Miscellaneous Income	-

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Total revenue	33,741,731
----------------------	-------------------

The total actual expenses for the year stood at **KSH 18,831,327** under the following vote heads as shown in the table, at the close of the year the total liabilities stood at **KSH 13,720,602** while total current asset balance was at **KSH 31,282,227**

Expenses	AMOUNT KSH
Medical/Clinical costs	8,461,351
Employee costs	1,352,490
Board of Management Expenses	180,000
Repairs and maintenance	2,184,947
General expenses	6,312,599
Total expenses	18,491,387

9.Environmental And Sustainability Reporting

Muhoroni County Hospital (MCH) exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

The Board of Management of Muhoroni County Hospital is committed to both the protection of the environment and evaluating the impact that the entity's services can have.

Compliance with legislation is the minimum standard to which the hospital shall adhere.

The hospital shall also endeavour to follow best practice with due regard for its entity needs, in line with the requirements of NEMA and the expectations of all interested parties.

The objectives for the Hospital under this policy are to:

- Reduce the carbon footprint of the Hospital,
- Reduce energy consumption,
- Minimise the production of all types of waste, especially paper. Encourage reuse, recycling and the disposal of other waste that cannot be avoided, in a responsible manner.

All board members and Hospital management team are responsible for communicating and implementing this Policy and ensure that;

- a) Employees and contractors are encouraged to be receptive to the personal impact they can have on this policy and to report areas of concern.
- b) Training is provided as part of staff development taking into account responsibilities.
- c) Efforts are made to minimize travel by maximising IT systems.
- d) Favour the use of suppliers who are committed to environmental good practice.
- e) Carbon offsetting is implemented, that as a minimum, is commensurate to the level of the entity travel.
- f) Pollution is prevented in all forms, especially from redundant electrical equipment.
- g) All incidents detrimental to the environment are reported, investigated and action taken to prevent reoccurrence.

The hospital management is committed to continually improving its performance by regularly reviewing its environmental impacts, and on an annual basis, update its policy in line with the review

The Hospital management follows the EU Taxonomy Regulation establishing six key environmental objectives towards sustainability;

- i) Climate change mitigation
- ii) Climate change adaptation
- iii) The sustainable use and protection of water and marine resources
- iv) The transition to a circular economy
- v) Pollution prevention and control
- vi) The protection and restoration of biodiversity and ecosystems

The Hospital management notes that different means may be required for an activity to make a substantial contribution to each objective and as leaders we must find ways to ensure impact measures continue to grow and evolve with changing needs.

For sustainability reporting to contribute to better decision-making, reporting needs to transition from voluntary practices to mandatory requirements; this effort is much appreciated.

10. Report of The Board of Management

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

Principal activities

Muhoroni County Hospital provides not-for-profit public health care services towards realization of universal healthcare in Kenya.

Financial Performance

The hospital received a total, **KShs 33,741,730.60**. **KShs 18,924,795.85** paid out on different expenses during the period and by end of the financial year 30th June 2025 the hospital current liabilities stood at **KShs 13,720,602** summarized in tables below with an opening balance of **Ksh2,607,934.48** as surplus from FY 2023/2024 and a closing balance of **Ksh17,858,278**.

Revenue from exchange transactions	
Rendering of services- Medical Service Income	33,681,731
Revenue from rent of facilities	60,000
Miscellaneous Income	-
Total revenue	33,741,731

Management prioritized the strengthening of governance frameworks, progressing infrastructure projects as well as playing an active role in managing the financial performance of the Hospital.

To achieve this, the hospital engaged the right people into a revamped organizational structure. Patient satisfaction is at the centre of what we do. We compliment this with competent and experienced and courteous staff, cutting across different health disciplines.

We pride ourselves for a seamless integration of all these medical services to deliver the highest standard of healthcare. We have reviewed our existing processes, policies, and procedures to respond better to our clients' preferences.

Principal risks and uncertainties

The Board of management is constantly reviewing whether the policies and risk management programs in place are appropriate and effective to manage and minimize the exposure in the long term.

The risks that the Hospital is exposed to include:

- Financial Risks, these include the market risks, credit risk, foreign exchange fluctuations exposure and other regulatory risks that affect the market and financial sector operations which could have a ripple effect on the hospital

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- Operational risk mainly includes both internal and external factors that affect the hospital processes, personnel, technology, and infrastructure
- The legal and regulatory requirements can have a significant impact on the operations of the Hospital

Corporate Social Responsibility

Social sustainability requires development of policies and practices that promote the co-existence of the association with both the internal and external stakeholders.

The hospital continues to be actively involved in corporate social responsibilities within various Communities.

Outlook

The Hospital's focus continues to be on quality patient care, which is the pillar of the Hospital, and it is with this culture of service excellence that continues to strengthen our patient-focus, service delivery and processes to deliver healthcare with a difference.

This is outlined in our strategic plan and the initiatives to deliver quality to all our stakeholders.

While the operating environment still poses challenges, we have taken deliberate strategies to ensure that the delivery of these initiatives remains on track.

The present members of the Board of Management are listed below as at FY period ended 30th June, 2025

Ref	Directors	Details
1.	Mr. David Kodongo	Chairperson
2.	Dr. Akuom O. David	Secretary
3.	Mrs. Dorothy Bonyo	Member
4.	Mr. Stephen Were	Member
5.	Mr. Duncan Rawich	Member

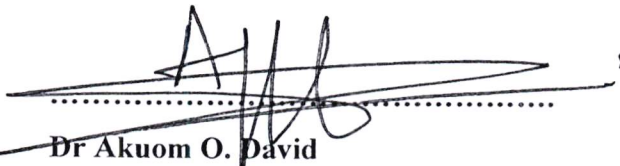
BOARD OF MANagements' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a member of the Board of Management at the date of approval of this report confirms that: so far as the Board Member is aware, there is no relevant audit information of which the auditors are unaware; and the Board Member has taken all the steps that he/she ought to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

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

By Order of the Board



A handwritten signature in black ink, appearing to be 'Dr. Akuom O. David', is written over a horizontal dotted line. The signature is somewhat stylized and overlaps the line.

Dr Akuom O. David

Medical Superintendent

Muhoroni County Hospital

Secretary to the Board

County Government of Kisumu

11. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the MCH financial statements, which give a true and fair view of the state of affairs of the MCH 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 MCH ; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the MCH financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *MCH* transactions during the financial year ended June 30, 2025, and of the *MCH* financial position as at that date.

The Board members further confirm the completeness of the accounting records maintained for the MCH, which have been relied upon in the preparation of the MCH financial statements as well as the adequacy of the systems of internal financial control.

They also accept responsibility for:

- Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting suitable accounting policies and applying them consistently; and
- Making accounting estimates and judgements that are reasonable in the circumstances.

Nothing has come to the attention of the Board of management to indicate that the MCH 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 28/08/2025 and signed on its behalf by:



.....
Name: **DAVID AKWANGA**
Chairperson
Board of Management



.....
Name: **R. AKWANGA**
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MUHORONI SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KISUMU

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Muhoroni Sub County Hospital set out on pages 1 to 63, 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

Report of the Auditor-General on Muhoroni Sub - County Hospital for the year ended 30 June, 2025 – County Government of Kisumu

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Muhoroni Sub County Hospital – County Government of Kisumu 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 do not comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in Disclosure and Recognition of Rendering of Services Income – Medical Service Income

The statement of financial performance reflects an amount of Kshs.38,654,805 relating to rendering of services – medical service income as disclosed in Note 11 to the financial statements. This amount differs with the amount of Kshs.32,960,648 disclosed by the County's Receiver of Revenue, resulting to a variance of Kshs.5,694,157. This implies that the Hospital under declared the amounts collected to the Receiver of Revenue. The income from rendering of services, is collected by the Hospital and banked in a Collections Account. The amount is only accessed by the Hospital through the Authority of the Chief Officer of Health. It therefore implies that the amount of Kshs.5,694,157 may have been cash receipts that was not banked and therefore not reported to the Receiver of Revenue.

In the circumstances, the completeness and accuracy of the reported revenue on rendering of services- medical service income could not be confirmed.

2. Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statement reflects an amount of Kshs.6,075,976 in respect of receivables from exchange transactions. However, review of the ageing analysis of these receivables balances indicates that Kshs.1,102,902 or 18% has been outstanding for more than one (1) year which may adversely affect the entity's liquidity and raise concerns regarding the effectiveness of debt collection and the recoverability of long-outstanding amounts.

In addition, the Receiver of Revenue's financial statements revealed that, the Hospital had outstanding receivables balance of Kshs.15,522,372 comprising of Kshs.11,709,951 and Kshs.3,812,421 in respect of SHIF and NHIF respectively resulting to unexplained variance of Kshs.9,446,396.

In the circumstances, the completeness accuracy and recoverability of the disclosed receivables from exchange transactions could not be confirmed.

3. Undisclosed Property, Plant and Equipment Balances

The statement of financial position and as disclosed in Note 32 of the financial statement reflects Nil balance for property, plant and equipment. However, although the Management provided an asset register including land, buildings, furniture and fittings, plant and equipment and motor vehicles, no values were attached to these assets and were not disclosed under property, plant and equipment. Further, the Hospital has been under IPSAS accrual for 4years and should have recognized property, plant and equipment in year three (3).

In addition, the Hospital does not have a title deed for the land occupied measuring approximately 6Ha. Review of various correspondences between the Hospital and administrative offices vide letters Ref.MCH/FINANCE/COH/23/24 VOL.4 dated 14 May, 2024 and Ref.MCH/LAND/II/VOLIII/025/026 dated 10 July,2025 revealed that part of the land has been encroached and efforts towards valuation of the Hospital assets and recovery of the encroached land has been in vain.

In the circumstances, the regularity, accuracy and completeness of the property, plant and equipment Nil balance could not be confirmed.

4. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflects a balance of Kshs.13,720,602 in respect of trade and other payables. Review of the schedule provided for the audit revealed that trade and other payables amounting to Kshs.5,972,304 have been outstanding for more than one (1) year contrary to the Paragraph 22 of the Treasury circular No.7/2021 which requires accounting officers to ensure that all payments emanating from the previous periods are treated as the first charge against the current financial year budgetary allocation before entering into new commitments.

In the circumstances, the obligation to pay the long outstanding payables balance of Kshs.5,972,304 could not be confirmed.

5. Non-Compliance with the Public Sector Accounting Standards Board

The Hospital has been reporting under IPSAS accrual for four (4) years and should have recognized all its assets – property, plant and equipment in year 3. This is contrary to IPSAS 33 on transition from IPSAS cash basis to accrual basis.

In the circumstances, the financial statements have not been presented in compliance with the requirements of the reporting template issued by Public Sector Accounting Standards Board in June, 2025.

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

Emphasis of Matter

Budget Control and performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.23,060,000 and Kshs.36,349,665 respectively resulting to an over collection of Ksh.13,289,665 or 58% of the revenue budget. Similarly, the Hospital spent Kshs.18,491,387 against an approved expenditure budget of Kshs.10,578,600 resulting in an over-expenditure of Kshs.7,912,787 or 74% of the approved expenditure budget. No explanation or justification was provided for this over-expenditure.

The budget under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Adverse 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 Hospital in 2024/2025 revealed that the following five (5) matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Cash and Cash Equivalentents
2	2023/2024	Non-Disclosure of Property, Plant and Equipment
3	2023/2024	Unresolved Prior Year Matters
4	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
5	2023/2024	Failure to Establish and Audit committee and Operationalize Internal Audit Function

Other Information

The Management is responsible for the Other Information set out on page iii to xxxiii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman'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,

Report of the Auditor-General on Muhoroni Sub - County Hospital for the year ended 30 June, 2025 – County Government of Kisumu

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Casuals Engaged Beyond Stipulated Period

The statement of financial performance reflects an amount of Kshs.1,571,450 in respect of employee Costs as disclosed in Note 16 to the Financial Statements. However, examination of the casual staff appointment letters revealed that the staff had continuously been contracted for three months. This is contrary to section 37 of the Employment Act 2007 where when a casual employee works continuously for more than one month, or where the work is expected to last more than three months, the contract automatically converts to a term contract.

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

2. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

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 57.4% of the authorized establishment.

Staff Requirements

Staffing Requirements	Level 4 Requirement	In Post	Variance	Percentage %
Medical Officers	16	2	14	88%
Anesthesiologists	2	0	2	100%

Staffing Requirements	Level 4 Requirement	In Post	Variance	Percentage %
General Surgeons	2	0	2	100%
Gynecologists	2	0	2	100%
Pediatricians	2	0	2	100%
Registered Community Health Nurses	75	22	53	71%
Total	101	24	77	76%

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;

Equipment and Machines

Equipment and Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Bed Capacity	150	85	65	43%
Incubators (Newborn)	5	2	3	60%
Cots	5	0	5	100%
Resuscitative in Theatre	1	0	1	100%
Resuscitative in Labour Ward	2	0	2	100%
Functional ICU Beds	6	0	6	100%
HDU Beds	6	1	5	83%
Renal Unit with Dialysis Machines	5	0	5	100%
Functional Operating Theatres Maternity and General	2	1	1	50%

Service Provision Requirements

Services Offered	Level 4 Hospital Standard
Surgical Services	Available
Gynecology Services	Available on call
Renal Services	Not available
Comprehensive emergency Obstetric Unit	Available
Paediatric services	Available
Inpatient services	Available

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Undisclosed Property, Plant and Equipment Balances

The Hospital does not maintain a complete and updated Assets Register. In addition, property plant and equipment of undetermined value have not been disclosed in these financial statements. As a result, the disclosed financial statements are incomplete.

In the circumstances, the management and control of the assets of the Hospital are poorly manned and may result to loss or misuse.

2. Lack of an Internal Audit Function

There was no evidence of an internal audit function to advise the Hospital's management of the observed weaknesses and possible solutions to identified weaknesses. Lack of an internal audit function may have contributed to some of the weaknesses observed above as Management did not have an alternative eye to alert them on the observed weaknesses.

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

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 Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how 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

08 December, 2025

Muhoroni County Hospital (County Government of Kisumu)
Annual Report and Financial Statements for The Year Ended 30th June 2025

14. Statement of Financial Performance as at 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	4,399,316
In- kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Sub Total		-	4,399,316
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	38,654,805	3,535,558
Revenue from rent of facilities	12	60,000	55,000
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	2,921,249
Sub Total		38,714,805	6,511,807
Total revenue		38,714,805	10,911,123
Expenses			
Medical/Clinical costs	15	16,170,600	4,255,175
Employee costs	16	1,571,450	871,715
Board of Management Expenses	17	180,000.	514,000
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	2,786,182	774,900
Grants and subsidies	20	-	-
General expenses	21	8,550.408	3,361,207
Finance costs	22	-	-
Total expenses		29,258,640	9,776,997
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

Muhoroni County Hospital (County Government of Kisumu)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		9,456,165	1,134,125

(The notes set out on pages 27 to 55 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/08/2028 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 12669



.....
Medical Superintendent

*Muhoroni County Hospital (County Government of Kisumu)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	17,858,278	2,607,935
Prepayments	28	-	-
Receivables from exchange transactions	29	6,075,976	1,102,902
Receivables from non-exchange transactions	30	-	-
Inventories	31	7,347,973	2,242,485
Total Current Assets		31,282,227	5,953,321
Non-current assets		-	-
Property, plant, and equipment	32	-	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		-	-
Total assets (A)		31,282,227	5,953,321
Liabilities			
Current liabilities			
Trade and other payables	36	13,720,602	2,953,349
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		13,720,602	2,953,349
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-

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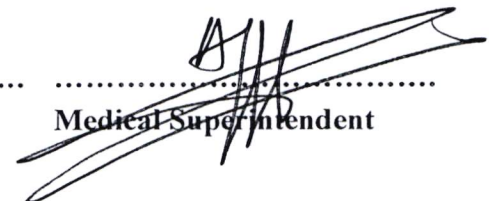
Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		13,720,602	2,953,349
Net assets (A-B)		17,561,625	2,999,972
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		12,878,290	3,422,125
Capital Fund		4,683,335	
Net Assets		17,561,625	

(The Hospital acknowledge the Existence of property, Plant and Machinery which has not been valuated. . the Hospital is in the process of engaging the valuer in the next financial year.)

The Hospital's financial statements were approved by the Board on 28/08/2025 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 12669


.....
Medical Superintendent

*Muhoroni County Hospital (County Government of Kisumu)
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16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	2,288,000	-	2,288,000
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,134,125	-	1,134,125
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	3,422,125	-	3,422,125
At July 1, 2024 (current year)	-	3,422,125	-	3,422,125
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,456,165	-	9,456,165
Capital/Development grants	-	-	4,683,335	4,683,335
At June 30, 2025 (current year)	-	12,878,290	4,683,335	17,561,625

(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.)*

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	4,399,316
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income	11	33,681,731	3,535,558
Revenue from rent of facilities	12	60,000	55,000
Finance / interest income	13	-	-
Miscellaneous receipts(insurance)	14	-	291,249
Total Receipts		33,741,731	10,911,123
Payments			
Medical/Clinical costs	15	8,461,351	4,255,175
Employee costs	16	1,352,490	871,715
Board of Management Expenses	17	180,000	514,000
Repairs and maintenance	18	2,184,947	776,900
Grants and subsidies	19	-	-
General expenses	20	6,312,599	3,675,197
Finance costs	21	-	-
Refunds paid out	22	-	-
Total Payments		18,491,387	10,092,987
Net cash flows from operating activities		15,250,344	818,154
Cash flows from investing activities			
Purchase of property, plant, equipment			
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings		-	-
Capital grants received		-	-

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Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		15,250.344	2,288,000 -
Cash and cash equivalents as at 1 July 2024	27	2,607,934	1,312,264
Cash and cash equivalents as at 30 June 2025	27	17,858,278	2,607,934

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

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18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	-	-	-	2,607,934	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	0%
Grants from donors and development partners	-	-	-	-	-	0%
Transfers from other Government entities	-	-	-	-	-	0%
Public contributions and donations	-	-	-	-	-	0%
Rendering of services- Medical Service Income	4,500,000	-	4,500,000	4,267,225	232,775	95%
Revenue from rent of facilities	60,000	-	60,000	60,000	-	100%
Finance / interest income	-	-	-	-	-	0%
Miscellaneous receipts (<i>specify</i>)	18,500,000	-	18,500,000	29,414,506	10,914,506	159.00%
Total receipts	23,060,000	-	23,060,000	36,349,665	13,629,605	146%
Payments						
Medical/Clinical costs	9,265,000	-	9,265,000	8,461,351	463,709	95%
Employee costs	1,400,000	-	1,400,000	1,352,490	47,510	97%
Remuneration of directors	190,000	-	190,000	180,000	10,000	95%
Repairs and maintenance	2,290,000	-	2,290,000	2,184,947	67,217	97%
Grants and subsidies	-	-	-	-	-	0%
General expenses	6,698,600	-	6,698,600	6,312,599	292,532	96%
Finance costs	-	-	-	-	-	0%
Refunds	-	-	-	-	-	0%
Total Operational Expenditure	19,843,600	-	19,843,600	18,491,387	1,352,213	93%
Capital Expenditure						
Surplus	-	-	-	17,858,278	-	-

**Muhoroni County Hospital (County Government of Kisumu)
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Capital Expenditure	-	-	463,709	95%
Surplus	-	-	17,858,278	-

(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)

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	17,858,278
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	17,858,278

19. Notes to the Financial Statements

1. General Information

Muhoroni County Hospital is established by a gazette notice and derives its authority and accountability from Kisumu County Facility Improvement Fund Act, 2021 and the PFM Act, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide universal healthcare 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 hospitals 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 30

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 of 2012 Section 81.3 that requires the accounting officer of a county government entity to prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years present.

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>

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users</p>

Standard	Effective date and impact:
	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on 26/08/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 3 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

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*.

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	FY2023/2024
	KShs	KShs
Unconditional grants		
Operational grant		416,000
Level 4/5 grants	-	3,983,316
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
	-	4,399,316
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	-	4,399,316

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
Kisumu 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).

*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		
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	-	-

(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	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

(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					
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

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	3,412,564	617,034.63
Non-Pharmaceuticals	4,151,762	-
Laboratory	4,155,012	664,480.81
Radiology	35,020	139,900.00
Orthopedic and Trauma Technology	1,918,028	36,600
Theatre	5,676,000	9,900
Accident and Emergency Service	1,546,000	/ 4,000
Anesthesia Service	-	-
Ear Nose and Throat service	-	2,600
Nutrition service	7,222,425	-
Cancer centre service	/ -	-
Dental services	94,700	55,200
Reproductive health	/ 5,4400,00	51,955
Paediatrics services	/ 2,755,920	123,920
Farewell home services	-	1,050
Ambulance services	-	-
Other medical services income (<i>Records</i>)	2,247,374	1,828,918
Total revenue from the rendering of services	38,654,805	3,535,558

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Residential property	60,000	55,000
Commercial property	-	-
Total Revenue from rent of facilities	60,000	55,000

(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	-	2,921,249
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	-	2,921,249

(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	80,084	-
Laboratory chemicals and reagents	1,114,479	829,950
Public health activities	-	-
Food and Ration	5,546,040	975,940
Uniform, clothing, and linen	109,380	25,800
Dressing and Non-Pharmaceuticals	4,853,701	771,555
Pharmaceutical supplies	3,588,946	1,264,525
Health information stationery	250,165	105,005
Reproductive health materials	-	-
Sanitary and cleansing Materials	627,805	197,000
Purchase of Medical gases	-	85,400
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	16,170,600	4,255,175

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	Insert Current FY	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,571,450	871,715
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	1,571,450	871,715

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Insert Current FY	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	118,000	82,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	432,000
Travel and accommodation allowance	62,000	-
Airtime allowances	-	-
Total	180,000	514,000

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	445,822	160,000
Medical equipment	-	-
Office equipment	-	140,000
Furniture and fittings	501,578	54,000
Computers and accessories	1,420,663	165,000
Motor vehicle expenses	418,119	255,900
Maintenance of civil works	-	-
Total repairs and maintenance	2,786,182	774,900

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>)	-	-
Total grants and subsidies	-	-

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 2024/2024
	Kshs	Kshs
Advertising and publicity expenses	50,000	-
Catering expenses	610,668	40,000
Waste management expenses	-	-
Insecticides and rodenticides	345	29,000
Audit fees	-	39,582
Bank charges	31,201	40,592
Conferences and delegations	-	10,000
Consultancy fees	-	-
Contracted services	1,100,500	362,500
Electricity expenses	2,114,903	1,350,527
Fuel and Lubricants	1,285,873	576,488
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	618,371	376,150
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	49,977	-
Printing and stationery	2,343,790	256,000
Hire charges	-	-
Rent expenses	-	105,000

Description	FY 2024/2025	FY 2024/2024
	Kshs	Kshs
Water and sewerage costs	128,181	77,990
Skills development levies	-	-
Telephone and mobile phone services	125,311	98,460
Internet expenses	74,788	-
Staff training and development	16,500	38,500
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
.Total General Expenses	8,550,408	3,361,207

22. Finance Costs

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

(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 2023/2014
	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	-	91,690
Total Gain/Loss	-	91690

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 Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	17,724,728	2,607,935
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand		
Others(<i>specify</i>)- Mobile money	133,550	-
Total cash and cash equivalents	17,858,278	2,607,935

(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		17,724,728	2,607,935
Equity Bank, etc		-	-
Sub- total		17,724,728	2,607,935
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		133,550	339,940
Sub- total		133,550	339,940
Grand total		17,858,278	2,947,875

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	6,075,976	1,097,902
Rent receivables	-	5,000
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	6,075,976	1,102,902

(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	4,973,074	%	1,102,902	100%
Between 1- 2 years	1,102,902	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	6,075,976	%	1,102,902	100%

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 (<i>non-exchange transactions</i>)	-	-
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	-	%	-	0%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
0	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	2,016,200	904,280
Maintenance supplies	8,700	10,500
Food supplies	1,243,235	34,200
Laboratory supplies	2,174,938	
Linen and clothing supplies	84,600	84,600
Cleaning materials supplies	2,200	1,200
General supplies	1,818,100	1,207,705
Less: provision for impairment of stocks	-	-
Total	7,347,973	2,242,485

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	2,242,485	3,837,035
Additional Inventory in the year	10,976,229	4,255,175
Inventory expensed in the year	5,870,741	5,849,725
Write-downs in the year	-	-
Others specify	-	-
Closing balance	7,347,973	2,242,485

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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
Cost									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-

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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
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024(current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Net book values		-	-	-	-	-	-	-	-
At 30 th Jun 2024(previous)	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025 (current)	-	-	-	-	-	-	-	-	-

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	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

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 (where investment property is at cost)	-	-
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 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	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	Insert Current FY		FY 2023/2024	
	KShs		KShs	
Trade payables	13,501,642		2,278,584	
Employee dues	-		674,765	
Third-party payments (e.g. unremitted payroll deductions)	218,960		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	13,720,602		2,953,349	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	7,748,298	69%	2,953,349	100%
1-2 years	2,421,420	31%	-	%
2-3 years	1,980,521	%	-	%
Over 3 years	1,570,363-	%	-	%
Total	13,720,602	100%	2,953,349	100%

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 (specify)	-	-
Total deposits	-	-

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	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis:				
Under one year	-	%	0	%
1-2 years	-	%	0	%
2-3 years	-	%	0	%
Over 3 years	-	%	0	%
Total	-	%	0	%

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	-	-

40. Deferred Income

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

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	15,250,344	-
Adjusted for:		
Depreciation	-	-
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	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	15,250,344	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

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 Social Health Insurance Fund (SHIF). 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 2024				
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.

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	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

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	Insert Current FY	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	-	-
d) Key management compensation		

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Description	Insert Current FY	FY 2023/2024
	Kshs	Kshs
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	Insert Current FY	FY 2023/2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

48. Capital Commitments

Capital Commitments	Insert Current FY	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 Medical Services, Public Health and Sanitation. Its ultimate parent is the County Government of Kisumu.

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

Ref 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	<p>Cash and cash equivalents The statement of financial position reflects a balance of Kshs 2,607,934 in respects of cash and cash equivalent as disclosed in Note 27 to the financial statements. Included in the balance is Mpesa Amount of Kshs.339,940. However, review of the Mpesa statement reflects a Nil balance resulting to unexplained variance of Kshs.339, 940.</p> <p>In the circumstance the accuracy of cash and cash equivalents balance of Kshs 2,607,934 could not be confirmed.</p>	The noted inaccuracies in cash and cash equivalent has been amended accordingly and posted as prior year adjustment in the financial statement Fy 2024-2025.	Resolved	30 th June 2025

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2	<p>Non-Disclosure of Property, Plant and Equipment.</p> <p>The statement of financial position reflects Nil balance in respect to of property, plant and equipment. However, review of Hospital’s records and physical inspection revealed various assets including land, buildings, furniture, computers and equipment of undetermined value which were not disclosed in the financial statements contrary to IPSAS 17.26 which states that an item or property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transactions, its cost shall be measured at fair value as at date of acquisition. Review of the allotment letter from the defunct Town Council of Muhoroni revealed that the hospital sits on land measuring approximately six (6) hectares and that part of the land has been encroached and efforts towards recovery of the encroached by squatters. However, the land does have title deed and there is no documentary evidence to show effort to obtain ownership documents.</p> <p>Further, Management did not maintain standard assets register with details such as asset description, depreciation rate, annual depreciation, accumulated depreciation and net book value. In addition, the financial statement under the significant accounting policies did not disclose a policy on depreciation and rates applied.</p>	<p>We acknowledge the auditor generals highlighted risk in management of our assets records and the management will take the following action to remedy the risk, the management will maintain standard assets register as per the National Treasury guidelines detailing asset description, depreciation rate, annual depreciation, accumulated depreciation and net book values further the management is in the process of developing a risk management strategy policy documents, including fraud prevention mechanism and a system of risk Management and internal controls that</p>	Unresolved	30 th June 2026

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	<p>In the circumstances, the accuracy completeness and valuation of Nil amount in respect of property plant and equipment could not be confirmed.</p>	<p>would build robust Hospital operations, the management had already appointed the risk management committee, also Asset/Liability Committee (ALCO) to spearhead this process and with mandate to routinely quarterly and annually conduct risk assessment and prepare reports with recommendations on risk management strategies on the identified risks to the hospital management. Further the facility is in the process of valuing assets, the Asset/Liability Committee (ALCO) has listed all the hospital asset into the asset register, now awaits coding and valuation, the committee has requested for assistance in valuation of the Hospital Assets to ensure that all the hospital assets are valued and the balances disclosed in the financial statements. The County Government of</p>		
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		<p>Kisumu has initiated efforts towards hastened processing and issuance of title deeds to the hospitals and of finding resolutions of disputed plots with goals of repossession. The ALCO has completed the physical verification of assets. A request for professional valuation was sent to the Ministry of Lands/Public Works on. We are currently awaiting their deployment.</p>														
3	<p>Deficiencies in Implementation of Universal Health Coverage (UHC) Review of Hospital records and interviews with management revealed that Hospital had two (2) medical officer against the required sixteen numbers of Sixteen (16). Zero(0) anaesthiologist, general surgeons, gynaecologist ,paediatrics and radiologists against the required number of (2) for each category .Further ,the Hospital has twenty-six (26) Kenya Registered Community Health Nurses against the required number of seventy-five (75) as tabulated below;</p> <table border="1" data-bbox="577 1045 1388 1358"> <thead> <tr> <th colspan="4">Level-4-Hospital Checklist.</th> </tr> <tr> <th>Category of Staff</th> <th>Level 4 Requirements(Kenya Quality Model for Health)</th> <th>Available Health Workers</th> <th>Deficit%</th> </tr> </thead> <tbody> <tr> <td>Medical Officers</td> <td>16</td> <td>2</td> <td>86%</td> </tr> </tbody> </table>	Level-4-Hospital Checklist.				Category of Staff	Level 4 Requirements(Kenya Quality Model for Health)	Available Health Workers	Deficit%	Medical Officers	16	2	86%	<p>We acknowledge the auditor’s finding and the following action will be taken to improve the situation. The Hospital and County Department of Medical Services, Public Health and Sanitation management is engaged in work towards enhancing the hospital operations to achieving quality Health Care, the level 4 status was a Kisumu County Government aspiration with the structuring of health care delivery to Primary Care Networks, PCN</p>	Unresolved	30 th June 2030
Level-4-Hospital Checklist.																
Category of Staff	Level 4 Requirements(Kenya Quality Model for Health)	Available Health Workers	Deficit%													
Medical Officers	16	2	86%													

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Anesthesiologists	2	0	0%
General Surgeons	2	0	0%
Gynecologists	2	0	0%
Pediatricians	2	0	0%
Radiologists	2	0	0%
Registered Community Health Nurses	75	26	35%
TOTAL	101	28	28

In addition, Interviews with Hospital management and review of records provided for audit revealed that the Hospital had zero (0) advanced life support, zero (0) renal dialysis, (0) functional intensive care unit beds, (0) high dependency units beds, (0) dialysis machines required for a level 4 Hospital. In addition ,the Hospital had a bed capacity of nineteen (44) against the required one hundred and fifty (150) as tabulated below:

Hospital Equipment	Level 4 Requirement	Available equipment	Variance	Deficit %
Bed Capacity	150	44	106	29%
Incubators (Newborn)	5	5	0	100%
New born cots	5	5	0	100%
Resuscitative in Theatre	1	1	1	100%
Resuscitative in Labour Ward	2	1	1	50%

to have a Hub for each PCN, that would be continually developed and upgraded to serve all the referral and health challenges within each of the sub counties-PCN, in Muhoroni County Hospital, a theatre complex has since been constructed and operational, a new anesthesia machine was delivered to the facility within the same period, an X-ray room has been constructed and now only awaits procurement of an x-ray unit and deployment of a radiographer, in the current financial year the Hospital has been allocated Ksh 5million for the phase one construction of state of the art mortuary to serve the Muhoroni Sub-county primary care network. See Kisumu county budget FY 2025-2026.
<https://www.kisumu.go.ke/>

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	<table border="1"> <tr> <td>Functional ICU Beds</td> <td>6</td> <td>0</td> <td>6</td> <td>0%</td> </tr> <tr> <td>HDU Beds</td> <td>6</td> <td>0</td> <td>6</td> <td>0%</td> </tr> <tr> <td>Renal Unit with Dialysis Machines</td> <td>5</td> <td>0</td> <td>5</td> <td>0%</td> </tr> <tr> <td>Functional Operating Theatres Maternity and General</td> <td>2</td> <td>1</td> <td>1</td> <td>50%</td> </tr> </table>	Functional ICU Beds	6	0	6	0%	HDU Beds	6	0	6	0%	Renal Unit with Dialysis Machines	5	0	5	0%	Functional Operating Theatres Maternity and General	2	1	1	50%	<p>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. Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).</p> <p>In the circumstances, the Hospital will not be able to deliver on its mandate.</p>	<p>Management has improved infrastructure (Theatre, X-ray) as noted. Regarding personnel, the Hospital has forwarded a formal request to the County Public Service Board for the recruitment of the required Medical Officers and Specialists to bridge the variance of 14 Medical Officers and missing specialists.</p>		
Functional ICU Beds	6	0	6	0%																					
HDU Beds	6	0	6	0%																					
Renal Unit with Dialysis Machines	5	0	5	0%																					
Functional Operating Theatres Maternity and General	2	1	1	50%																					
4	<p>Failure to Establish an Audit Committee and Operationalize Internal Audit Function</p> <p>During the year under review, the Hospital board failed to establish an Audit Committee contrary to Section 155 (5) of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function.</p> <p>In the circumstance, the hospital did not benefit from the assurance and advisory services from the internal audit function.</p>	<p>We acknowledge the noted risk in internal Audit function of the entity and the management commits to implement the recommendations of the Auditor general within the financial year 2024/25 within a timeline of three months from the date of this letter.</p>	Resolved	30 th June 2025																					

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		<p>The hospital management will establish an Audit Committee and Operationalize Internal Audit functions through the Hospital Board of Management, HMB with support from the Hospital Management Team, HMT which will regularly carry out evaluations of the internal controls of the facility further the management, Medical Superintendent within 30 days will write to the director of Kisumu County Directorate of Internal Audit to conduct period audits of the facility's quarterly and annual financial statements</p>		
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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


~~Accounting Officer~~

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 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.....

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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

