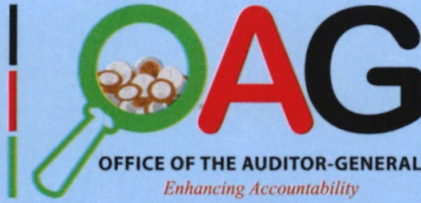


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REPORT

OF

THE AUDITOR-GENERAL

ON

KENDU BAY SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

PAPERS LAID	
DATE	19/12/2026
TABLED BY	Minority Whip
COMMITTEE	→
CLERK AT THE TABLE	Angela

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**KENDU SUB COUNTY HOSPITAL
(Homa- Bay County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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Kendu Bay Sub County Hospital (Homa Bay County Government)
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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
QIT	Quality Improvement Team
HERT	Hospital Emergency Response Team
MTC	Medicines and Therapeutic Committee
MPDSR	Maternal and Perinatal Death and Surveillance Response
HMT	Hospital Management Team
UHC	Universal Health Care
SHA	Social Health Authority

2. Key Entity Information and Management

(a) Background information

Kendu Bay County Hospital is a level (4) hospital established under gazette notice number 786 and domiciled in Homa Bay County under the Department of Health Services. A Board of Management governs the hospital

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to

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

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Samuel Nyakundi
2.	Head of finance	Fredrick Kalwande
3.	Head of supply chain	Vera Omingo
4.	Hospital Administrator	Lilian Anyango
5.	Nursing Officer In charge	Juma Magara

(e) Fiduciary Oversight Arrangements

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

- Quality Improvement Team

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

The members include;

Mr. Calvince Odhiambo	Lab Manager	-Chairperson
Mr. Phaniel Otieno	Records officer in-charge	-Secretary
Dr. Samuel Nyakundi	Med Sup	-Member
Mrs. Cecilia Okoth	Nurse	- Member
Mrs. Cynthia Larry	Nurse	-Member
Mrs. Lucy Nyowino	Nurse	- Member

- Emergency Response Team

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

Dr. Nyakundi	Medical Doctor	-Chairperson
Mrs. Linet Owino	Pharmtech	-Member
Mrs. Judith Awuor	Physiotherapist	- Member
Mrs. Lilian Owiti	Hospital Administrator	- Member
Mrs. Vera Omigo	Supply Chain Assistant	- Member

- Medicines and Therapeutic Committee

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

The members;

Dr. Samuel Nyakundi	Medical Superintendent	-Chairperson
Mrs. Linet Owino	Pharmtech	-Secretary
Dr. Nyakundi	Medical Officer	- Member
Mr. Juma Magara	Nursing Officer	- Member
Mr..Calvins Odhiambo	Lab Manager	- Member
Mrs. Lilian Owiti	Hospital Administrator	- Member

- Billing and Waiver Committee

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

Mr. Juma Magara	Nursing Officer	- Chairperson
Mr. Fredrick Kalwande	Accountant	- Secretary
Mrs. Lilian Owiti	Administrator	- Member
Mr. Wycliffe Obunga	Social Worker	- Member

- Maternal and Perinatal Death and Surveillance Response (MPDSR)

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

The members are;

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Dr. Nyakundi	Medical Officer	- Chairperson
Mr. Lucy Ochiel	Nurse	- Secretary
Mr. Juma Magara	Nurse	- Member
Mr. Phaniel Otieno	Record Officer	- Member
Mr. Calvins Odhiambo	Lab Manager	- Member
Mrs. Cynthia Larry	Nurse	- Member
Mr. Cavin Mimba	Pharmtech.	- Member

- Hospital Management Team

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

1.	Medical Superintendent	Dr. Samuel Nyakundi
2.	Head of finance/ Accountant	Mr. Fredrick Kalwande
3.	Head of supply chain	Mrs. Vera Omingo
4.	Health Administrative Officer	Mrs. Lilian Owiti
5.	Nursing Officer In charge	Mr. Juma Magara
6	Laboratory manager	Mr. Calvince Odhiambo
7	Pharmacist In charge	Mrs. Linet Owino
8	Clinical Officer In Charge	Mrs. Zippora Aloo
9	Human Resource	Miss Lencer Ngoya
10	Nutritionist In charge	Mrs Vider Owuor
11	Social Worker	Mrs. Munira Lubale
12	Physiotherapist	Mrs. Judith Awuor
13	Public Health Office	Mr. Johanes Othacha
14	Health Record Information Officer	Mr. Phaniel Otieno

- Hospital Finance Committee

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





Dr. Samuel Nyakundi	Med Sup	- Chairperson
Mr. Fredrick Kalwande	Accountant	- Secretary
Mrs. Lilian Owiti	Administrator	- Member
Mr. Juma Magara	Nursing Officer	- Member

Key Entity Information and Management (continued)




- (f) **Entity Headquarters**
P.O. Box 469-40300
Homa Bay, KENYA
Telephone: (254) 2038617565/55
E-mail: governorsofficehomabaycounty.go.ke
Website: www.Homa Bay.go.ke
- (g) **Entity Contacts**
P.O. Box 47 – 40301
Kendu Bay
Kendu Bay Road
KENYA
Telephone: (+254)712918117
E-mail: mohkenduhospital@gmail.com
- (h) **Entity Bankers**
Co-operative Bank of Kenya
P.O Box 30084-00100
Homa Bay, Kenya
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) **County Attorney**
P.O. Box. 469-40300
Homa Bay, Kenya

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

3. The Board of Management





Ref	Directors	Details
1.	 Jeam Odhiambo Agutu Board Chairman	Age 64 years Bachelors of Education 35years of experience as professional teacher Board Chairman is independent
2.	 Mrs. Esther Oito Vice Board Chairperson	Seasoned administrator spanning many years in the public service. She is currently the Sub county administrator, Kendu Bay South Education: Cert in Nurse Aid
3.	 Mr. Zacharia Zaid Member	Mr. Zacharia Zaid is a financial expert and chair of the Finance and General Purpose Committee Education: Dip in Human Resource
4.	 Dr. Sara Obuya Member	Age 52 years MbchB Mmed Internal Medicine Mmed Clinical Oncology Dip Clinical Research and Trials

Kendu Bay Sub County Hospital (Homa Bay County Government)
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5.	 Dr. Samuel Nyakundi Med Sup- Secretary to Board Secretary to the Board	Medical Superintendent of the hospital Education: Bachelor of Medicine, Bachelor Surgery (MBBS)
6.	 Robinson Otieno Nataro Member	Age 69 years Form Four Level Production and Marketing professional
7.	 Alice Akoth Odhiambo Member	Age 45 years Master's in Business Administration(HR option)

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

4. Key Management Team

Management		Details
1.	 Dr. Samuel Nyakundi	Medical Superintendent of the hospital
2.	 Magara Juma	Nursing Officer In charge
3.	 Lilian Owiti	Hospital Administrative Officer
4.	 Fredrick Kalwande	Hospital Accountant

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Procurement Officer
5 Vera Omingo	

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

5. Chairman's Statement

It is my pleasure to present to you the Annual Report and Financial Statements of Kendu Bay Sub County Hospital for the financial year ended 30th June 2025. The Board of Management is proud of the achievements realized by the hospital in this period towards "Offering high quality and integrated medical care services that are affordable and accessible". Considering the scale and complexity of operations of this hospital, I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients.

Regulatory Environment

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment.

In addition, the Health Act 2016 establishes a unified health system that coordinates the inter-relationship between the national government and county government health systems, provides for regulation of health care services and health care service providers, health products and health technologies for connected purposes. It also provides for Health financing; Research; E-Health; Human organs and tissue transplant; Traditional and alternative medicine; Mental; Environmental and Public health; Standards of health; Reproductive health; and Emergency treatment. With this in mind, and the strategic placement of Kendu Bay County Hospital in the health sector, the Board is committed to ensure continued quality service delivery to the citizens.

Sector Alignment

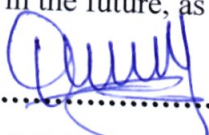
At the National level, universal healthcare (UHC) is one of the big four agenda. The agenda aims to provide affordable healthcare for all households through SHA scheme. The Kenya Vision 2030 aims at creating a globally competitive and prosperous country by providing a high quality of life for all its citizens. Under the social pillar, the overall goal of the Health Sector is to provide equitable, affordable and quality healthcare to all citizens.

Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the County Government of Homa Bay, Ministry of Health, Social Health Authority and development partners for the support they

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

continue to accord the hospital without which our achievements would not have been realized. As we move into a new year, I would like to express my gratitude to Kendu Bay County Hospital staff, specialists, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day. Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future, as has been the case over the year



.....
Jean Odhiambo Agutu

Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2024/2025. The report highlights the hospitals operational and financial performance as well as our strategic direction.

Operational Performance

The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists in surgical and gynecology disciplines of medical practice who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centered services. In 2024/2025 the hospital attended to 15,934 patients of whom 1370 were inpatients. This was an increase of 4% outpatients and 5% inpatients attendance in comparison to the previous financial year. During the year, the surgical team successfully demonstrated clinical effectiveness by reduction of mortality rate.

Financial Review

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost-sharing revenue. During the year under review, the hospital generated Kshs. 39,828,071.00 against a target of Kshs. 48,000,000. This is a increase of 7.8% below the previous year's internally generated revenue.



.....

Name: Dr. Samuel Nyakundi

Secretary to the Board

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

7. Statement of Performance Against Predetermined Objectives

Kendu Bay County Hospital has Five Objectives within the current County integrated development Plan *CIDP) of the Homa Bay County Government they are as follows;

OBJECTIVES;

1. To offer quality healthcare services under one roof in a most effective and efficient for the satisfaction of the customer.
2. Modernize infrastructure machinery and equipment.
3. To attain financial sustainability
4. To strengthen the human resource capacity.
5. To develop the facility health management information system.

Kendu Bay Sub County Hospital develops its annual work plans based on the above 5 objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The County Hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the table below:

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

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	<p>2. Modernise infrastructure, machinery and equipment</p>	<p>-To develop an infrastructure master plan. -Fully equip the facility.</p>	<p>-To develop a master plan. -Obtain equipment and maintain through the MESS program.</p>	<p>-Investor identified by the county government to help with development of master plan. MESS programme under the National Government operation.</p>
	<p>3. To attain financial sustainability</p>	<p>-Cost rationalization. Institutionalize resource mobilization. -Enhance internal control mechanism. Diversification of revenue generation streams.</p>	<p>-Conduct market survey for costing of commodities during the tendering process. -Incorporating various modes of revenue generation cash, SH.A, BORESHA,. -Upgrade health instruction software to improve internal control and hence revenue collection.</p>	<p>-All our clients are able to receive services irrespective of mode of healthcare financing.</p>
	<p>4. To strengthen the human resource capacity.</p>	<p>-Staff retention. Full potential and optimal utilization of staff. -To enhance Hospital performance by training and</p>	<p>-Keep staff informed of any development in the hospital through circulars and holding regular meetings.</p>	<p>-Improved service delivery. Improved staff retention.</p>

Kendu Bay Sub County Hospital (Homa Bay County Government)
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	<p>5. To develop facility Health Management Information System.</p>	<p>motivation of staff. -Upscale leadership and management for increased performances. -Focus on partnership with other Health Service Providers for technical support.</p> <p>-Up scaling quick and efficient service delivery. -ICT systems in place. -Build staff ICT capacity. -Improve access to ICT materials.</p>	<p>Holding weekly continuous medical education. Staff appraisal system in place. Collaborating with external Orthopaedic surgeons for provision of Orthopaedic services.</p> <p>-Upgrade ICT systems. -Build staff ICT capacity by training. -Improve access to IEC materials.</p>	<p>-Efficient data collection, management and dissemination. -Improved diagnosis and treatment. -Improved access to relevant health infrastructure and data.</p>
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Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

8. Corporate Governance Statement

The facility holds quarterly board meetings with sub-committee meetings as need may arise. The sub committees include

i. Finance and General Purpose Sub Committee

Members are:

Mrs. Alice Akoth	- Chairperson
Mr. Zacharia Zaid	- Member
Mrs. Lilian Owiti	- Member
Mr. Fredrick Kalwande	- Member
Dr. Sarah Obuya	- Member

ii. Curative Sub Committee

Members are:

Mr. Juma Magara	- Chairman
Mr. Robinson Ataro	- Member
Mrs. Esther Oito	- Member
Mrs. Linet Owino	- Member

9. Management Discussion and Analysis

The management used tables to make the information as understandable as possible. The information does not show a trend for the previous years because this is the first time the management is preparing financial statement.

Clinical/operational performance

Kendu Bay Sub County Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans, patients from Homabay County and across the counties. Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for surgery, ENT, ophthalmology, dental amongst other services. The hospital also provides clinical support services that include laboratory, pharmacy and radiology.

Overall patient attendance

The average patient attendance for the year 2024/2025 was 14,564 out patients and 1,370 in-patients. There was a sharp Increase in the outpatient attendance of 20% and 31% in the in-patients in the year 2023/2024. This was attributed to the effect of the prolonged industrial action (both nurses and doctor's strike).

Average Length of Stay


The average length of stay (ALOS) is an indicator of efficiency in the provision of inpatient health care in the hospital. Generally, the average length of stay in the hospital has been falling (between 2023/24 to 2024/25).

Bed occupancy rate.

In the year 2024/25, the bed occupancy rate averaged 94%. This was attributed to the specialized and quality healthcare services offered in the hospital that attracts clients from across the region and beyond. The other side of this is overstretching of the hospital facilities and congestion of patients in the wards.

Mortality Rate

During the period under review, the death rate averaged 3%. This is attributed to the critically ill patients referred to and managed in the hospital.


.....
Dr. Samuel Nyakundi
Medical Superintendent

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

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

ii) Environmental performance

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

iii) Employee welfare

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

iv) Market place practices-

The hospital maintains ethical marketing practices.

a) Responsible competition practice.

The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors by competitively awarding contract.

b) Responsible Supply chain and supplier relations

The management maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The hospital maintains ethical marketing practices.

v) Corporate Social Responsibility / Community Engagements

The hospital management has from time to time provided waiver to patients who are not able to pay hospital bills as well as mortuary bills based on investigations and report done by social services department as stated in the waiver policy.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are

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

Results

The results of the entity for the year ended June 30th, 2025 are set out on pages ...1. To 35

Board of Management

The members of the Board who served during the year are shown on page viii-ix. During the year

Auditors

The Auditor General is responsible for the statutory audit of the Kendu Bay County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 nominated by the Auditor General to carry out the audit of the Kendu Bay County Hospital for the year ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf

By Order of the Board


.....

Name

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

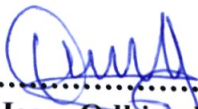
The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate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

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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:



.....
Name: Jeam Odhiambo Agutu
Chairperson
Board of Management



.....
Name: Dr. Samuel Nyakundi
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENDU BAY SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF HOMABAY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kendu Bay Sub-County Hospital - County Government of Homabay set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of statement of changes of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in

accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kendu Bay Sub-County Hospital-County Government of Homabay as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Facility Improvement Financing Act, 2023 and the Public Finance Management Act, 2012, Health Act, 2017 and the County Government Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.3,790,616, as disclosed in Note 17 to the financial statements. However, physical verification revealed that the Hospital owns a borehole, 0.10 hectares of land, buildings, 21 motorbikes, and other assets that were not included in the balance. Further, Management did not maintain an updated fixed asset register capturing key asset details such as asset descriptions, serial/logbook numbers, location, opening balances, additions, acquisition dates, disposals, depreciation charges, accumulated depreciation, and net book values contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires Accounting Officers to maintain a complete and updated register of all assets under their control. In addition, there was no evidence that the Hospital had undertaken any recent valuation of its assets to confirm their correct market values. The Hospital also reported Kshs.20,000 as intangible assets. However, the intangible assets were not supported by any certificate of ownership.

In the circumstances, the accuracy, valuation, and completeness of the reported property, plant and equipment balance of Kshs.3,790,616 and intangible assets of Kshs.20,000 could not be confirmed.

2. Misclassification of Revenue and Rejected Claims from Social Health Authority

The statement of financial performance reflects Kshs.47,275,351 as total revenue. The amount is composed of Kshs.3,696,890 for rendering of services and Kshs.43,578,461 which includes Kshs.3,750,390 of donations from KEMSA as miscellaneous income as reflected on Notes 6 and 7, respectively. However, audit verification revealed that the Hospital did not disclose in-kind contributions valued at Kshs.3,750,390 received from the Kenya Medical Supplies Agency (KEMSA) as donation and other organizations in the form of drugs, medical supplies, and water storage tanks. Further, review of records indicated that the Hospital submitted claims amounting to Kshs.45,936,283 to the Social Health Authority (SHA) for reimbursement under the Social Health Insurance Fund (SHIF). Included in this, claims totaling Kshs.13,556,160 were rejected by SHA due to inconsistent supporting documentation.

In the circumstances, the Kshs.47,275,351 reported as revenue from exchange transactions could not be confirmed.

3. Long Outstanding Receivables from the Defunct National Hospital Insurance Fund (NHIF)

The statement of financial position, as disclosed in Note 15, reflects receivables from exchange transactions amounting to Kshs.12,398,889. Included in this balance is Kshs.2,891,000, representing 23% of the total receivables, relates to long-outstanding balances due from the defunct National Hospital Insurance Fund (NHIF), which have remained uncollected for over one year. Further, there was no evidence provided to demonstrate that management had undertaken any reconciliation, follow-up correspondence, or formal engagement with the successor entity, the Social Health Authority (SHA), to pursue recovery of the outstanding balances.

In the circumstances, the recoverability of the Kshs.2,891,000 receivable remains doubtful and could not be confirmed.

4. Inaccurate presentation of Rendering of Services - Medical Services Income in the Statement of Cash Flows

The statement of financial performance reflects rendering of services-medical service income-SHA/NHIF of Kshs.43,578,461. Further, the statement of financial position reflects receivables from exchange transactions of Kshs.12,398,889 relating to outstanding receivables from medical income. However, review of the statement of cash flows revealed that an amount of Kshs.39,828,071 was reported as cash received from medical service income resulting in over statement of cashflows from operating activities.

In the circumstance, the accuracy and reliability of the statement of cash flows could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflected a final receipts budget and actual on comparable basis of Kshs.48,000,000 and Kshs.43,524,961 respectively resulting in an underfunding of Kshs.4,475,039 or 10% of the budget. Similarly, the Hospital expenditure amounted to Kshs.36,900,090 against the realized receipts of Kshs.43,524,961 resulting in under-utilization of Kshs.6,624,871 or 15% of the actual receipts.

In the circumstances, the under-funding and under-utilization 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 Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that numerous matters remained unresolved as detailed in **Appendix 1**.

Other Information

The Management is responsible for the Other Information set out on pages iii to xxii, which comprises 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 and Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Retain Revenue Raised by the Facility

Review of revenue records obtained from the Kendu Sub County Hospital revealed total collection of Kshs.43,524,961 towards the health facilities improvement. Out of this amount, a total of Kshs.22,990,000 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs. 19,512,000 to the health facilities resulting in a deficit of Kshs.3,478,000. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2. Non-Compliance with Public Health and Safety Requirements on Condemned Hospital Buildings

As reported in prior year audit report, a review of the Public Health Officer's inspection report reference Number P/INS/VOL. (13) dated 1 October 2019 on the Hospital outpatient department block and administration block indicated that the two buildings did not meet the minimum public health requirements. Further, the Ministry of Health, through letter reference KSCH/GC/01/19 dated 3 October, 2019, issued a seven-day notice requiring immediate vacation of the outpatient block and the hospital administration area unless a safe alternative was provided for service delivery. However, as at the time of the audit exercise in November 2025, the outpatient block was in use and converted to the non-pharmaceutical store, and the administration block was also in use by the facility administration.

In the circumstances, the safety of officers and patients in both the condemned buildings the Hospital could not be confirmed.

3. Weaknesses in Management and Control of Pharmaceutical Supplies

The statement of financial position reflects Kshs.761,379 in respect to inventories as disclosed under Note 16 to the financial statements. However, an audit review of store records and a physical inspection conducted on 12 November, 2025 at the Hospital revealed significant weaknesses in the management of pharmaceutical inventories, as follows:

3.1 Non-Compliance with Pharmacy and Poisons Board Requirements

The Hospital did not provide evidence of registration with the Pharmacy and Poisons Board (PPB) as required under Section 6(1) of the Pharmacy and Poisons Act, Cap 244. This raises regulatory and safety concerns regarding the legality of the hospital's pharmaceutical operations.

3.2 Weaknesses in the Stock Control System

The Hospital records pharmaceutical and non-pharmaceutical stock manually using stock cards. The lack of an automated inventory management system limits real-time tracking, reconciliation, and accountability of stock movements, increasing the risk of shortages, losses, and inaccurate reporting.

3.3 Expired and Quarantined Medical Supplies

Review of the management of pharmaceuticals and non-pharmaceuticals at the Hospital revealed that units of various drugs and non-pharmaceuticals whose value could not be determined had expired. However, it was not possible to confirm the expiry dates. Further, the audit revealed that the non-pharmaceutical store contained rapid COVID-19 test kits that had been quarantined since September 2020, having been deemed unfit for human consumption. Management explained that many of the drugs and commodities delivered to the facility had short or limited shelf lives, and the same applied to items received as donations.

In the circumstances, the effectiveness and efficiency of the Hospital's inventory management could not be confirmed.

4. Non-Compliance with Level 4 Hospital Requirements

Review of the 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 the Kenya Quality Model for Health Policy Guidelines due to staff deficits by 76 staff requirements or 75% of the authorized staff establishment.

Staff Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anesthesiologists	2	2	-	-
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	22	53	71
Total	101	25	76	75%

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Standard	Actual in Hospital	Variance	Deficiency Percentage (%)
Bed	150	100	50	33
Resuscitative (2 Labour & 1 in Theater)	2	1	1	50
New Born Unit Incubators	5	3	2	40
New Born Unit Cots	5	2	4	80
Functional ICU Beds	6	0	6	100
High Dependence Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two functional Operational Theatres - Maternity & General	2	1	1	50

Further, the audit revealed that the Hospital lacked power backup in critical areas like maternity, general wards, and the laboratory.

These deficiencies contravened 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 Management was in breach of the law.

5. Irregular Engagement and Underpayment of Casual Employees

The statement of financial performance reflects Kshs.1,842,000 under employee costs as disclosed in Note 9 to the financial statements. This amount represents salaries, wages, and allowances paid to casual employees engaged in various duties within the Hospital. However, the audit revealed that no board resolution authorizing the engagement of the casual employees was provided for audit verification. As a result, it was not possible to confirm whether the recruitment was duly approved by the relevant oversight authority. In addition, no documentation was provided regarding the applicable wage scales or remuneration structure for the casual workers. Further, an analysis of the monthly payroll revealed that the casual workers were paid Kshs.9,000, which is less than the prescribed minimum monthly wage of Kshs.15,000 stipulated by the Regulation of Wages Order of May 2022.

In the circumstances, the regularity, propriety, and fairness of the expenditure totaling Kshs.1,842,000 could not be confirmed.

5. Long Outstanding Trade and Other Payables

The statement of financial position reflects the trade and other payables balance of Kshs.5,407,948 as disclosed in note 19 to the financial statements. Included in the balance is an amount of Kshs.1,772,595 that has been outstanding for more than two (2)

years, which is contrary to Regulation 41(2) of Public Finance Management (County Governments) Regulations 2015, which provides that debt service payments to be a first charge. Further, management could not provide any explanation or evidence of plans in place to settle the outstanding payables.

In the circumstances, the regularity of the Kshs.5,407,948 reported as trade and other payables could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Key Management Policies and Procedures

During the year under review, Management did not institute policies and procedures to guide key financial and managerial processes such as revenue collection, expenditure control, inventory management, and liability management. The Hospital lacked an approved risk management policy and risk management framework and had not developed a risk register. In addition, there was no disaster recovery plan or business continuity plan in place to guarantee continuity of operations in case of disruptions.

In the circumstances, the effectiveness of service delivery cannot be ascertained.

2. Lack of Hospital Management Information System (HMIS)

An audit review of Hospital's information systems revealed that the Hospital does not have an operational Hospital Management Information System (HMIS) to automate key functions such as revenue collection, patient registration, billing, pharmacy management, and financial reporting. As a result, the Hospital relies on manual systems for recording and managing its operations, which are prone to errors and manipulation, leading to potential revenue leakages, inaccurate billing, loss of patient information, and delays in data reconciliation. Consequently, the Hospital recorded total revenue of Kshs.43,524,961 against a budgeted target of Kshs.48,000,000, representing an underperformance of Kshs.7,062,815 (9%).

In the circumstances, the effectiveness and efficiency of revenue collection could not be confirmed.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as 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

02 December, 2025

Appendix 1: Unresolved Prior Year Audit Matters

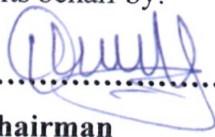
S/No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial statements
2	2023/2024	Irregularities in the Property, Plant and Equipment
3	2023/2024	Unconfirmed Intangible assets
4	2023/2024	Undisclosed inventories
5	2023/2024	Unsupported Long Outstanding Payables
6	2023/2024	Budgetary Control and Performance
7	2023/2024	Unresolved Prior Year Matters
8	2023/2024	Unconfirmed Other Non-Financial Information
9	2023/2024	Deficiencies in Implements of Universal Health Coverage (UHC)
10	2023/2024	Unhabitable infrastructure still in use
11	2023/2024	Failure to Dispose of Unserviceable Assets
12	2023/2024	Irregularities in Casual Workers' Engagements
13	2023/2024	Lack of Quarterly Revenue Report
14	2023/2024	Failure to Conduct annual stock taking
15	2023/2024	Irregularities in the Procurement Process
16	2023/2024	Failure to maintain the Fixed assets register
17	2023/2024	Ineffective Hospital Management Committee
18	2023/2024	Lack of Audit Committee and Internal Audit unit
19	2023/2024	Lack of a risk Management Policy
20	2023/2024	Stock-Out of Essential Medical Supplies

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from exchange transactions			
Rendering of services- Medical Service Income- FIF	6	3,696,890.00	1,749,805.00
Rendering of services- Medical Service Income- SHA/NHIF	7	43,578,461.00	17,692,777.00
Revenue from exchange transactions		43,578,461.00	19,441,805.00
Total revenue		47,275,351.00	19,441,805.00
Expenses			
Medical/Clinical costs	8	19,136,920.00	7,269,472.00
Employee costs	9	1,842,000.00	1,832,000.00
Board of Management Expenses	10	525,000.00	413,000.00
Depreciation and amortization expense	11	614,589.00	614,589.00
Repairs and maintenance	12	9,778,120.00	1,459,619.00
General expenses	13	9,901,577.00	5,081,529.00
Total expenses		41,798,206.00	16,670,209.00
Net Surplus / (Deficit) for the year		5,477,145.00	2,771,596.00

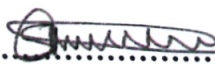
The Hospital's financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



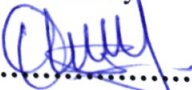
Medical Superintendent

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	2,002,489.00	255,617.50
Receivables from exchange transactions	15	12,398,889.00	6,348,705.00
Inventories	16	761,379.00	314,395.50
Total Current Assets		15,162,757.00	6,918,718.00
Non-current assets			
Property, plant, and equipment	17	3,790,616.00	2,175,615.00
Intangible assets	18	20,000.00	20,000.00
Total Non-current Assets		3,810,616.00	2,195,615.00
Total assets (A)		18,973,373.00	9,114,333.00
Liabilities			
Current liabilities			
Trade and other payables	19	5,407,948.00	5,305,452.00
Total Current Liabilities		5,407,948.00	5,305,452.00
Total Liabilities (B)		5,407,948.00	5,305,452.00
Net assets (A-B)		13,565,425.00	3,808,881.00
Represented by:			
Reserve- Retention By county Gov.		4,878,000.00	598,600.00
Accumulated surplus/Deficit		7,388,554.00	1,911,410.00
Capital Fund		1,298,871.00	1,298,871.00
Net Assets		13,655,425.00	3,808,881.00

The Hospital's financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	(860,186.00)	1,298,870.50	438,684.50
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,771,596.00	-	2,771,596.00
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	1,911,410.00	1,298,870.50	3,210,280.50
	-			
At July 1, 2024	-	1,911,410.00	1,298,870.50	3,210,280.50
Reserve- Retention By county Gov.	4,878,000.00	-	-	4,878,000.00
Surplus/(deficit) for the year	-	5,447,144.25	-	5,447,144.25
Capital/Development grants	-	-	-	-
At June 30, 2025	4,878,000.00	7,388,554.00	1,298,871.00	13,655,425.00

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income(FIF)		3,696,890.00	1,749,805.00
- Medical Service Income(SHA/NHIF)		39,828,071.00	14,336,096.00
Total Receipts		43,524,961.00	16,086,345.00
Payments			
Medical/Clinical costs		15,013,057.00	7,269,472.00
Employee costs		1,842,000.00	1,832,000.00
Board of Management Expenses		525,000.00	413,000.00
Repairs and maintenance		9,648,816.00	1,459,619.00
General expenses		8,321,217.005	5,081,529.00
Transfer to Homa bay County special purpose account		4,878,000.00	
Total Payments		40,228,090.00	16,082,635.00
Net cash flows from operating activities	20	3,296,871.00	3,711.00
Cash flows from investing activities			
Purchase of Medical equipment		(1,550,000.00)	-
Net cash flows used in investing activities		(1,550,000.00)	-
Net increase/(decrease) in cash and cash equivalents		1,746,871.00	3,711.00
Cash and cash equivalents as at 1 July	14	255,618.00	251,907.00
Cash and cash equivalents as at 30 June	14	2,002,489.00	255,618.00

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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	-	-	-	-	-	%
Receipts						
Rendering of services- Medical Service Income- FIF	4,800,000	-	4,800,000.00	3,696,890.00	1,103,110	77.01%
Rendering of services- Medical Service Income- NHIF/SHA	43,200,000	-	43,200,000.00	39,828,071.00	3,371,929	92.19%
Total receipts	48,000,000	-	48,000,000.00	43,524,961.00	4,475,039	90.67%
Payments						
Medical/Clinical costs	17,950,000	-	17,950,000.00	15,013,057.00	2,936,943	83.64%
Employee costs	2,400,000	-	2,400,000.00	1,842,000.00	558,000	76.75%
Board members allowance	580,000	-	580,000.00	525,000.00	55,000	90.52%
Repairs and maintenance	12,670,000	-	12,670,000.00	9,648,816.00	3,021,184	76.15%
General expenses	12,100,00	-	12,100,00.00	8,321,216.75	3,778,783.25	68.77%
Total Operational Expenditure paid	46,000,000	-	46,000,000.00	35,350,089.75	10,349,910	
Capital Expenditure paid	2,000,000	-	2,000,000.00	1,550,000.00	450,000	77.5%
Surplus	-	-	-	6,624,871.25	10,799,910	%

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	6,624,871.25
1 Transfer to Homa bay County Special Purpose Account	(4,878,000.00)
2 Opening Bank Balance As at 1 st July 2023	255,617.50
Closing Cash and Cash Equivalent as per the statement of Cash flows	2,002,488.75

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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> <p><i>State the expected impact of the standard to the Entity if relevant</i></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to 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 **25th July 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **0.00** on the FY 2024/2025 budget following the Board's approval. 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 ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

f. Leases

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

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

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

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

g. Intangible assets

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

h. Biological Assets

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

i. Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale

- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

j. Financial instruments

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

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

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.

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.

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.

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.

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 Medical superintendent, Hospital Administrator, Nursing officer in charge and Accountant.

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.

Notes to Financial Statements Continued

6. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,348,210.00	349,805.00
Non-Pharmaceuticals	561,525.00	614,750.00
Laboratory	785,000.00	450,750.00
Out Patients	316,550.00	143,370.00
Medical Records	264,145.00	54,300.00
Physiotherapy	24,890.00	6,830.00
In- Patient	396,570.00	130,000.00
Total revenue from the rendering of services	3,696,890.00	1,749,805.00

7. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries- NHIF	5,750,298.00	17,692,000.00
Insurance recoveries- SHA	34,077,773.00	-
Donations from KEMSA	3,750,390.00	-
Total Miscellaneous income	43,578,461.00	17,692,000.00

8. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	2,010,699.00	398,250.00
Food and Ration	4,075,458.00	3,274,850.00
KEMSA Donation	3,750,390.00	
Dressing and Non-Pharmaceuticals	3,043,660.00	1,541,873.00
Pharmaceutical supplies	4,219,413.00	1,384,499.00
Sanitary and cleansing Materials	1,970,000.00	670,000.00
Purchase of Medical gases	67,300.00	-
Total medical/ clinical costs	19,136,920.00	7,269,472.00

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9. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,842,000.00	1,032,000.00
Accrued Wages	-	800,000.00
Employee costs	1,842,000.00	1,832,000.00

10. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	360,000.00	180,000.00
Travel and accommodation allowance	165,000.00	95,000.00
Airtime allowances	-	48,000.00
Total	525,000.00	413,000.00

11. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	599,590.00	599,590.00
Intangible assets	15,000.00	15,000.00
Total depreciation and amortization	614,590.00	614,590.00

12. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	8,308,600.00	1,152,889.00
Medical equipment	200,000.00	-
Furniture and fittings	600,000.00	-
Computers and accessories	230,000.00	-
Motor vehicle expenses	439,520.00	306,730.00
Total repairs and maintenance	9,778,120.00	1,459,619.00

13. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Insecticides and rodenticides	150,000.00	-
Bank charges	22,007.00	27,015.00
Other Fuel	750,000.00	189,000.00
Contracted services- Security Guards	2,230,000.00	1,080,000.00
Electricity expenses	1,150,060.00	843,150.00
Fuel and Lubricants	1,290,000.00	700,000.00
General Office Supplies	925,000.00	575,684.00
Medical Records	800,000.00	846,680.00
Telephone and mobile phone services	-	40,000.00
Industrial Gas	-	17,500.00
Printing and Publishing	2,234,150.00	692,500.00
Printing and stationery	350,360.00	70,000.00
Total General Expenses	9,901,577.00	5,081,529.00

14. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	2,002,489.75	255,617.50
Total cash and cash equivalents	2,002,488.75	255,617.50

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Co - Operative Bank	01141589338400	2,002,488.75	255,617.50
Sub- total		2,002,488.75	255,617.50
Grand total		2,002,488.75	255,617.50

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15. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	12,398,889.00	6,348,705.00
Total receivables	12,398,889.00	6,348,705.00

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	9,507,889.00	76.68%	3,688,300.00	58.1%
Between 1- 2 years	2,891,000.00	23.32%	2,660,405.00	41.9%
Between 2-3 years	0.00	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total (a+b)	12,398,889.00	100%	6,348,705.00	100%

16. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	275,119.00	53,645.00
Maintenance supplies	-	55,450.00
Food supplies	30,540.00	27,890.00
Linen and clothing supplies	15,430.00	15,430.00
Cleaning materials supplies	12,380.00	25,670.00
General supplies	-	15,780.00
Non- Pharmaceuticals supplies	427,910.00	75,185.00
Less: provision for impairment of stocks	(0.00)	(0.00)
Total	761,379.00	314,395.00

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	314,395.00	283,641.00
Additional Inventory in the year	1,450,749.00	
Inventory expensed in the year	1,003,765.00	
Write-downs in the year	0.00	
Others specify	0.00	
Closing balance	761,379.00	314,395.00

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost			5,000,000.00		230,000.00	263,000.00		
At 1 July 2023			2,109,375.00	00.00	97,031.25	110,953.00		5,493,000.00
Additions			00.00	00.00	00.00	00.00	00.00	2,398,359.00
Disposals			00.00	00.00	00.00	00.00	00.00	00.00
Transfers/adjustments			00.00	00.00	00.00	00.00	00.00	00.00
At 30th June 2024			2,109,375.00	00.00	97,031.25	110,953.00		2,398,359.00
At 1 st July 2023			2,109,375.00	00.00	97,031.25	110,953.13		
Additions			00.00	0.00	0.00	30,000.00		2,398,359.13
Disposals			00.00	00.00	00.00	00.00	00.00	30,000.00
Transfer/adjustments			00.00	00.00	00.00	00.00	00.00	00.00
At 30th June 2024			2,109,375.00	0.00	97,031.25	140,953.13		2,428,359.13
Depreciation and impairment			00.00	00.00	00.00	00.00	00.00	
At 1 st July 2024			2,109,375.00	0.00	97,031.25	140,953.13		2,428,359.13
Depreciation for the year			547,593.75		24,257.75	27,738.28		599,589.78
Disposals			00.00	00.00	00.00	00.00	00.00	00.00
Impairment			00.00	00.00	00.00	00.00	00.00	00.00

*Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Work in progress	Total
Aa At 30th June 2024			2,109,375.00	0.00	97,031.25	140,953.13		2,428,359.13
At July 2024			2,109,375.00	0.00	97,031.25	140,953.13		2,428,359.13
Depreciation			547,593.75		24,257.75	27,738.28		599,589.78
Disposals			00.00					
Impairment			00.00					
Transfer/adjustment			00.00					
Additions					45,000.00	1,550,000.00		1,595,000.00
Modern Ablution		447,845.00	00.00	00.00	00.00	00.00	00.00	00.00
At 30th June 2025		447,845.00	1,561,782.25		117,773.25	1,663,214.85		2,195,615.35
Net book values								
At 30 th June 2025		447,845.00	1,561,782.25		117,773.50	113,214.85		2,195,615.60
At 30 th June 2025		447,845.00	1,561,782.25		117,773.50	1,663,214.85		3,790,615.60

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
 Notes to the Financial Statements (Continued)

18. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	20,000.00	20,000.00
Additions	0.00	0.00
Additions-Internal development	0.00	0.00
Disposal	(0.00)	(0.00)
At end of the year	20,000.00	20,000.00
Amortization and impairment		
At beginning of the year	20,000.00	20,000.00
Amortization for the period	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	20,000.00	20,000.00
NBV	20,000.00	20,000.00

19. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	5,407,948.00		4,505,452.00	
Employee dues	-		800,000.00	
Total trade and other payables	5,407,948.00		4,589,794.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	3,635,353.00	67.23%	1,874,395.00	13.18%
1-2 years	480,000.00	8.86%	2,512,685.00	68.72%
2-3 years	580,002.00	10.73%	-	0%
Over 3 years	712,593.00	13.18%	-	0%
Total	5,407,948.00	100%	3,589,794.00	100%

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

20. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	5,447,144.25	1,911,410.00
Adjusted for:		
Depreciation	599,589.00	599,589.00
Non-cash grants received	(0.00)	(0.00)
Impairment	0.00	0.00
Gains and losses on disposal of assets	(0.00)	(0.00)
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Working Capital adjustments	6,046,733.25	2,510,999.00
Increase in inventory	(446,984.00)	(30,754.00)
Increase in receivables	(5,050,184.00)	(1,495,705.00)
Increase in deferred income	0.00	0.00
Increase in payables	2,747,305.75	(984,540.00)
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	3,296,871.00	3,710.50

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
 Notes to the Financial Statements (Continued)

21. 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				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2025	0.00	0.00	0.00	0.00
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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 Debtors. 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 2023				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2025				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
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)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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.

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2025			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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.

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
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 0.00 (2024: KShs 0.00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0.00 (2025 – KShs 0.00).

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	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	(0.00)	(0.00)
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0.00%	0.00%

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)

22. 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	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	0.00
Sales of services to xxx	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00
d) Key management compensation		

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	0.00	0.00
Compensation to the medical Sup	0.00	0.00
Compensation to key management	0.00	0.00
Total	0.00	0.00

23. Contingent Liabilities

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case xxx against the hospital	0.00	0.00
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

24. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	0.00	0.00
Authorised And Contracted For	0.00	0.00
Total	0.00	0.00

25. Events after the Reporting Period

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

26. Ultimate and Holding Entity

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

27. Currency

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

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible 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

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Kendu Bay Sub County Hospital (Homa Bay County Government)
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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 30th 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.....

Kendu Bay Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Appendix IV Reporting of Climate Relevant Expenditures

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

XX Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx

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