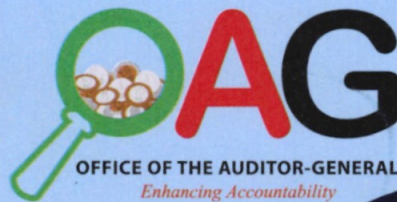


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OTHORO SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI



215



**OTHORO SUB COUNTY HOSPITAL
MIGORI COUNTY GOVERNMENT**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. ACRONYMS & GLOSSARY OF TERMS

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

2. KEY OTHORO SUB-COUNTY HOSPITAL INFORMATION AND MANAGEMENT

(a) Background information

Othoro Sub County Hospital is a level (4) hospital domiciled in Migori County under the Health Medical Service Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The Vision: To be a leader in transforming the delivery of whole person care in the Nation

Mission: To provide integrated responsive and high-quality client centered promotive, preventive, supportive and rehabilitative health care services that is evidenced and technologically driven to the people of Migori County.

(c) Key Management

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

County department of health-Chief Officer Medical Services

Medical Superintendent

Board of Management

Accountant

Hospital departmental Heads

Othoro Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

(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	Joseph Obimbo
2.	Head of Supply Chain Management	Kenas Odongo
3.	Head of Accounts	Stephen Nyainda

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

Key Othoro Sub-County Hospital Information and Management (continued)

- Parliamentary committees
- Other oversight committees

(f) Othoro Sub-County Hospital Headquarters

P.O. Box 164 - 40400
Rapogi Administration Building
Rapogi- Awendo Office Road
MIGORI/ KENYA

(g) Othoro Sub-County Hospital Contacts

Telephone: 0718985754

E-mail: othorosch@gmail.com

(h) Othoro Sub-County Hospital Bankers

National Bank of Kenya

01001017544700

Migori Branch.

(i) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200






Nairobi, Kenya

(k) County Attorney




P.O. Box. 202

MIGORI, Kenya




3. THE BOARD OF MANAGEMENT

Ref	Pictures	Details
1.		<p>Name: Omondi Pascal Odhiambo Ornamba Position: Hospital Board Chairperson Age: 29 Years Old Qualification: Diploma in Designing</p>
2.		<p>Name: Joseph Odhiambo Obimbo Position: Medical Superintendent and Secretary to the Board Age : 34 yrs Academic Qualification: Diploma in Clinical Medicine and surgery from KMTC-Homabay Campus</p>
3.		<p>Name: Clement Otieno Obar Age: 52 Years Academic Qualification: Bachelor in Management Leadership</p>
4.		<p>Name: Isaiah Odwar Omira Age: 30 Years Qualification: Diploma in Accountancy</p>
5.		<p>Name: Moses Otieno Ogalo Age: 35 Years Qualification: Form Four</p>


Othoro Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

6.		Florence Aludo luoma 57 Form four Businesslady
7.		Mr. Luke Owuor Nyobuoyo 51 Four Businessman/farmer
8.		Mr. Patrick Abade Milewa 68 Diploma in Metrology Meteorology department for 19 years Former council for North Kanyankago

4. KEY MANAGEMENT TEAM

Ref	Management	Details
1.		<p>Name: Joseph Odhiambo Obimbo Position: Medical Superintendent and Secretary to the Board Age : 35 yrs Academic Qualification: Diploma in Clinical Medicine and surgery from KMTC-Homabay Campus</p>
2.	<p>Nursing Officer in charge – Clarice Achieng</p>  <p>Diploma in Community Health Nurse</p>	<p>Functions</p> <p>i. Nursing Duties Ensure that the patients are safe in the hospital has the access to the right medical care by working closely with hospital management as stakeholders to acquire the right infrastructure</p> <p>ii. Administratively performs the responsibilities of the CEO of the hospital by ensuring that everything runs as planned</p> <p>iii. Leadership role, inspires others based on what she does and encourages others to uphold the best practices while handling patients</p>
3.	<p>Lab in charge-Vivian Chepngeno</p>  <p>Diploma in medical science</p>	<p>Functions</p> <p>-coordinate all laboratory services within the facility -Ensures quality sample taking, networking/testing and timely results</p>

Othoro Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

		<p>-manages laboratory commodities by timely quantification, ordering, storage and appropriate use</p>
<p>4.</p>	<p>Pharmacy in-charge - Clinton Ooko Ngeta</p>  <p>Diploma in Pharmaceutical technology</p>	<p>Functions</p> <ul style="list-style-type: none"> -timely ordering of pharmaceuticals and non-pharmaceuticals, storage and appropriate use -controls and manages use of commodities -compile monthly rely commodity report

5. CHAIRMAN’S STATEMENT

On behalf of the Board of Management, I am pleased to present this report for the year ended 30th June 2025.


The year under review has been both challenging and rewarding. Despite economic pressures, resource limitations, and increased demand for services, the institution has remained steadfast in its mission to deliver quality and accessible healthcare to the community.

Significant progress has been made in strengthening governance, enhancing service delivery, and ensuring prudent use of available resources. We have invested in modern medical equipment, improved staff capacity through training, and undertaken infrastructure upgrades that will have a lasting impact on patient care.

We recognize that our successes would not have been possible without the dedication of our medical and administrative staff, the support of the County Government of Migori and the trust of the communities we serve. While challenges such as delayed funding and rising operational costs persist, we remain committed to pursuing innovative solutions and partnerships to ensure financial sustainability and improved service delivery.

Looking ahead, the Board will continue to prioritize accountability, transparency, and strategic growth. With the continued support of our partners and stakeholders, we are confident that the institution will achieve greater milestones in the coming years.

Sincerely,



.....
Pascal Omamba
Chairman to the Board

6. REPORT OF THE MEDICAL SUPERINTENDENT

As the Medical Superintendent of Othoro Sub County Hospital, I am pleased to present this financial statement for the year ended 30th June 2025.

During the reporting period, the hospital continued to provide quality healthcare services to our patients while ensuring prudent management of resources. Our primary source of income remained government allocations, patient service fees, insurance claims (SHA) and donor support. These funds enabled us to sustain essential services, procure medicines and medical supplies, and carry out maintenance of hospital infrastructure.

Despite facing challenges such as rising costs of pharmaceuticals, increased demand for specialized care, and occasional delays in fund disbursement, we managed to maintain operations within the approved budget. Expenditure was directed mainly towards purchase of essential drugs, diagnostic equipment, and facility improvements.

I am encouraged to note that cost-control measures and improved revenue collection systems have strengthened the hospital's financial stability. However, the hospital still requires additional investment to expand service capacity, modernize equipment, and enhance staff training.

On behalf of the management team, I extend gratitude to the Ministry of Health, County Government of Migori, County Health Department leadership, development partners, and the community for their continued support. With sustained collaboration and responsible financial stewardship, we remain committed to delivering accessible, efficient, and patient-centered healthcare.



Joseph Obimbo

Medical Superintendent

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Othoro Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/25. These strategic pillars/ themes/ issues are as follows;

Pillar 1: Planning and administrative support services

Pillar 2: Preventive and promotive health services

Pillar 3 Curative, rehabilitative and referral services

Othoro Sub County Hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis.

Annual Performance Targets and Achievements

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Planning and administrative support services	To ensure efficient and effective well-coordinated health services	No Of health policies developed No. of Annual Work Plans developed	Developing Annual work plans.	As Othoro Sub County Hospital, one work plan developed
	To increase, develop, retain and motivate health personnel	No. of Strategic plans developed % of performance reviews conducted	Conducting performance reviews	Biannual and annual review conducted
	To construct, expand, maintain and improve health infrastructure	% quarterly support supervision conducted		
	To accelerate scale up of Universal	% quarterly data quality audits conducted		

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	Health Coverage	% of Health Information tools printed and distributed		
Preventive and promotive health services	To reduce the burden of preventable diseases and promote healthy lifestyles among communities	% of hospitals supplied with Pharmaceuticals % of hospitals supplied with non-pharmaceuticals	Supplying the hospital with pharmaceuticals, on pharmaceuticals, laboratory reagents, vaccines supplies	Othoro Sub County Hospital was supplied with medical drugs non pharmaceuticals, laboratory reagents, and vaccines supplies.
	To reduce maternal and new-born mortality	% of hospitals supplied with Laboratory Reagents		
	To increase community health units to cover 100% of the county villages	% of hospitals supplied with Vaccines and sera % of hospitals supplied with medical equipment		
	To improve coverage of facilities offering adolescent and youth friendly service	% of hospitals supplied with X-ray supplies % of hospitals supplied with patient food and rations		
	To implement a robust and multisectoral approach in preventing and managing			

Othoro Sub County Hospital (Migori County Government)
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Curative, rehabilitative and referral services	To provide affordable curative, rehabilitative and referral services	% of functional ambulances available for referral	Functioning ambulances on referrals.	1 ambulance available for referrals.
	To improve access to essential health products and technologies	% of specialized services provided at primary health facilities		

8. CORPORATE GOVERNANCE STATEMENT

Othoro Sub County Hospital is committed to upholding highest standard of corporate governance in the delivery of quality and affordable health care services to the public. Our governance framework ensures transparency, accountability, ethical leadership and appropriate use of public funds for the benefit of the public. During the Financial Year the Board Member held quarterly meetings to discuss the performance of the hospital. Consequently, the meetings were convened every time the facility receive funds from Migori Health Services Fund Board to discuss and allocate funds to areas which need urgent funding. These meetings were held in the medical superintendent boardroom. The Board members also were taken through the previous financial audit review report for the period 2023/24 where a discussion was made.

Consequently, board members training was carried towards the end of the financial year on various matters pertaining to health and the new health insurance cover that has been adopted by the hospital and how it might affect the operation of the facility. The hospital board are appointed by the Chief Executive Officer- Health who are then gazetted in the Kenyan Gazette. For the new members, a mandatory induction is done to them so that they can be a par with various regulations and operations of health as a sector. The board are entitled to a sitting allowance and various transport and lunch reimbursement anytime they sit.

The Roles and Functions of The Board Members

- i. Responsibility for patient care and the overall quality of service in the hospital by demonstrating leadership in determining priorities for the hospital that is consistent with the available resources.
- ii. Provision of general oversight for the general operations and management of the hospital.
- iii. Represent community interests in resource allocation and planning within the hospital.
- iv. Health promotion agents to the hospital catchments population on behalf of the hospital.
- v. Articulate and represent local community interests on health matters in local development forums.

- vi. Facilitate feedback process to the community pertaining to the operations and management of the hospital.
- iv. Mobilize community resources towards the development of health services within the hospital.

Ethics and Conduct of Board Members

The code of ethics outlines the principles and standards that guide the conduct of the board members in overseeing the hospital operations. Some of these principles include:

- Commitment to the hospital Mission and Vision ensuring that all the action plans and decisions are in line with the achievement of the later.
- Integrity and Accountability: This is where the hospital board members are required to operate with utmost honesty and transparency while making financial decisions of the hospital.
- Confidentiality: This is where the hospital board members are required to respect the patients and staff confidentiality and safeguard sensitive information from unauthorized disclosure.
- Conflict of Interest: This is where the board members are required to disclose any potential conflicts of interest and recuse oneself from related decision making.
- Compliance With Laws and Regulations: The hospital board members are required to comply with the hospital governing laws and regulations.
- Respect and Fairness: The hospital board members are required to respect one another's decision and to treat one with utmost respect, fairness and dignity.
- Ethical decision Making: The hospital board Members are encouraged and required to prioritize on issues which are geared towards the improvement of patients' wellbeing as opposed to personal interest.
- Financial Stewardship: The hospital board members are required to oversee the hospital financial health with diligence, ensuring resources are used effectively and responsibly to advance the hospital mission.
- Collaboration and Communication: Hospital board members are encouraged to work collaboratively with one another to ensure that best decisions are arrived at.

Senior Management Team

This team is led by the medical superintendent which is responsible for daily management of the hospital and they include;

- Clinical and non-clinical services
- Staff supervision and performance management
- Procurement and supply chain oversight
- Implementation of board decisions

9. MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance

Othoro Sub County Hospital registered a total of Ksh. 6,670,018 (Six Million Six Hundred and Seventy Thousand and Eighteen) as the revenue for financial year 2024/25. This resulted to a Ksh. 5,283,883 in revenue growth compared to the Fy 2023/24. In line with this, the hospital collected a total of Ksh. Ksh. 3,649,117 from exchange transactions and Ksh. 3,020,901 from non-exchange transaction This is a true indication that the hospital has laid down various mechanisms such automation of revenue system through paybill which has minimized pilferage of revenue in various hospital departments. Further, the hospital also incurred a total of Ksh. 4,299,769 as operating expense for the year. This also increased by Ksh. 3,879,555 with Ksh. 1,404,328 increase in net surplus for the year.

Clinical/operational performance

- Bed capacity of the hospital. 50
- Average length of stay for in-patient 4 Days
- Bed occupancy rate 1.42%
- Mortality rate 0 %
- Overall patient attendance during the year -2594
- Specialised clinic attendance-9948
- Sponsorships and partnerships
 - CIHEB-K
 - LWALA COMMUNITY ALLIANCE
 - PATH
 - NURU YA MTOTO
 - PS KENYA/360
 - CMMB

Revenue sources.

The Revenue streams for the Hospital is mainly Facility Improvement Fund from Health services fund Board and Donations from Public through supply of medical drugs.



.....
Name: Joseph Obimbo

Secretary to the Board

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

The top management has created a mutual environment whereby the public, and the donors or partners are incorporated in the management which forms a strategy for sourcing of more funds to the hospital and for more development projects to the facility.

ii) Environmental performance

Installation of microwave machine to control and treat health care waste reducing accidents and pollution

Formed committees to carryout infection prevention and control within the work environment

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy.

Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.in the work environment

iii) Employee welfare.

Hiring Services is done by Migori County Public Service Board. The Process is competitive as the Gender ratio and others Factors are considered. The Opportunities are advertised in the local Gazette

iv) Market place practices-

The Othoro Sub-County Hospital encourages good market practices as outlined below:

a) Responsible competition practice.

Display of Service chatters

Carryout exit visit interviews

Provisions of complaints and suggestion box

b) Responsible Supply chain and supplier relations

The Hospital raises requisition to procurement who invites the public through request for quotations, open tenders and gazettelement process

The bidders are evaluated and the awarding is done committees formed by the management

c) Responsible marketing and advertisement

The facility being a public Othoro Sub-County Hospital endeavours to uphold service to common mwanachi at all levels. All advertisements are targeting to ensure the public is aware of services being offered or any upcoming donor sponsored surgeries.

d) Product stewardship

Othoro Level (IV) Hospital endeavours to maintain incinerators for better waste management.

e) Corporate Social Responsibility / Community Engagements

The facility has been carrying out outreaches to different areas such as markets, schools, churches and other community engagement forums so as to encourage girls to avoid early pregnancies and in case they conceive, they should seek proper health care services like attending all antenatal visits so as to delivery in the formal way.

11. REPORT OF THE BOARD OF MANAGEMENT

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

Principal activities

The principal activities of the Othoro Sub County Hospital are provision of quality, accessible and affordable health services to the citizens.

Results

The results of the Othoro Sub County Hospital for the year ended June 30 2025 are set out on pages 1 to 6.

Board of Management

The members of the Board who served during the year are shown on page vi. During the year no director retired or resigned.

Auditors

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

By Order of the Board



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

The Board of Management is responsible for the preparation and presentation of the Othoro Sub-County Hospital's financial statements, which give a true and fair view of the state of affairs of the Othoro Sub-County 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 Othoro Sub-County Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Othoro Sub-County 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 *Othoro Sub-County 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 Othoro Sub-County Hospital's financial statements give a true and fair view of the state of Othoro Sub-County Hospital's transactions during the financial year ended June 30, 2025, and of the Othoro Sub-County Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records

Othoro Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

maintained for the Othoro Sub-County Hospital, which have been relied upon in the preparation of the Othoro Sub-County Hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the Othoro Sub-County 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 19th August 2025 and signed on its behalf by:



.....
Name: Pascal Omamba
Chairperson
Board of Management



.....
Name: Joseph Obimbo
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 OTHORO SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MIGORI

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 Othoro Sub County Hospital - County Government of Migori set out on pages 1 to 33, which comprise of the statement of financial position, as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in 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 Othoro Sub County Hospital-County Government of Migori as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Presentation of Financial Statements

The statement of financial position, and as disclosed in Note 16 to the financial statements, reflects inventories comparative balance Kshs.42,558 which differs with the previous year's audited balance of Kshs.37,796, resulting in an unreconciled variance of Kshs.4,762.

Note 19 on cash generated from operations reflects surplus for the year amount of Kshs.2,235,249 which differs with the surplus of Kshs.2,370,249 reported in the statement of financial performance, resulting in an unreconciled variance of Kshs.135,000. In addition, the Note indicates an increase in inventories amount of Kshs.1,486,090 which differs with the re-computed amount of Kshs.1,621,089, resulting an unreconciled variance of Kshs.134,999.

In the circumstances, the accuracy and fair presentation of the financial statements could not be confirmed.

2. Unsupported Revenue from Exchange Transactions

The statement of financial performance, and as disclosed in Note 7 to the financial statements, reflects rendering of services-medical service income amount of Kshs.3,649,117 which was not supported with ledger schedules or Social Health Authority (SHA) claims.

In the circumstances, the accuracy, completeness, and validity of the reported revenue could not be confirmed.

3. Misstatement of Receivables from Exchange Transactions Balance

The statement of financial position and as disclosed in Note 15 to the financial statements, reflects receivables from exchange transactions balance of Kshs.2,235,556 which differs with the re-computed balance of Kshs.3,856,646, see calculation below, resulting in an unreconciled variance of negative Kshs.1,621,090.

Details	Amount (Kshs.)
Receivables from exchange transactions as at 1-7-2024	1,621,090
Rendering of services-medical service income for 2024/2025 (statement of financial performance)	3,649,117
Total	5,270,207
Less: Rendering of services-medical service income, Cash received in 2024/2025 (statement of cash flows)	-1,413,561
Receivables from exchange transactions as at 30-6-2025	3,856,646

4. Misstatement of Trade and Other Payables Balance

The statement of financial position and as disclosed in Note 18 to the financial statements, reflects nil balance in respect of trade and other payable. However, re-computation of the balance gives Kshs.3,020,901, see calculation below, resulting in an unreconciled variance of negative Kshs.3,020,901.

	Amount (Kshs.)
Trade and other payables as at 30-6-2024	135,000
Total expenses incurred in 2024/2025 (statement of financial performance)	4,299,769
Total	4,434,769
Less: Total payments made in 2024/2025 (statement of cash flows)	(1,413,868)
Trade and other payables as at 30-6-2025	3,020,901

5. Un supported Budget Amounts

The statement of comparison of budget and actual amounts reflects revenue and expenditure final budget amount of Kshs.6,671,063 whose supporting approved budget was not provided for audit.

In the circumstances, the accuracy, completeness and fair presentation of the statement of comparison of budget and actual amounts could not be confirmed.

6. Unconfirmed/Undisclosed Property, Plant and Equipment (PPE) Balance

The statement of financial position, as disclosed in Note 17 to the financial statements, reflects a nil balance for property, plant, and equipment. However, a review of documents, interviews with Management, and physical verification revealed that the Hospital was in possession of various assets, including land, buildings, a motor vehicle, furniture, computers, and equipment, none of which were disclosed in the financial statements. Further, ownership documents for the land and motor vehicle logbooks were not provided for audit review.

In addition, the Hospital did not maintain an updated fixed asset register to control its assets. Essential details and unique identifiers such as asset tags, year of purchase,

location and condition were not indicated in the fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy, completeness, and fair presentation of the Hospital's property, plant, and equipment could not be confirmed.

7. Unsupported Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transactions amounting to Kshs.3,649,117. However, management did provide ledger schedules to support the revenue. Further, no detailed billing reports showing revenue generated per patient were provided for audit.

A review of Hospital operations related to revenue collection revealed that, although patients pay for services through a designated paybill number, official receipts are not issued. The hospital lacks an integrated revenue collection system linking various departments, such as the laboratory and pharmacy, and instead relies on a manual system for receipting, billing, and report generation, which cannot be interlinked. Monthly revenue reconciliations were also not conducted.

As a result, it was not possible to accurately determine the daily revenue generated from other income and rendering of services, as the manual register does not indicate the mode of payment, whether by cash or through SHA claims and insurance recoveries.

Under the circumstances, the accuracy, completeness, and reliability of the hospital's revenue records, could not be confirmed.

8. Unsupported Inventory Balance

The statement of financial position reflects an inventory balance of Kshs.1,663,647 as disclosed in Note 16 to the financial statements. However, the inventory and stock-taking report for the year under review was not provided for audit verification, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015. The Act requires the Head of the Procurement Function to conduct periodic inspections of stores at least quarterly, undertake quarterly and annual inventory and stock-taking, ensure compliance with governing laws, and submit the resulting reports to the Accounting Officer.

In addition, Management did not provide an updated inventory register as at 30 June, 2025.

In the circumstances, the accuracy, completeness, and validity of the reported inventory balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Othoro Sub County Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Matter

Unresolved Prior Year Matters

In the prior year’s audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Failure to disclose Items of Property, Plant and Equipment
2	2023/2024	Lack of an Approved Budget
3	2023/2024	Non-Compliance with Kenya Quality Model for Health Policy Guidelines
4	2023/2024	Failure to Register Hospital Pharmacy with the Pharmacy and Poisons Board

Other Information

The Management is responsible for the Other Information set out on page i to xxiii which comprise of Key Entity Information and Management, The Board of management, Key Management Team, Chairman’s Statement, Report of the medical superintendent, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the of board of management and Statement of management’s responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the audit of Othoro Sub County Hospital financial statements, my responsibility is to read the Other Information and in doing so, consider

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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 Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records obtained from the Othoro Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.3,629,169 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.1,587,472 to the Sub-County Hospital resulting in a deficit of Kshs.2,041,697. 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 Migori County Health Services Fund was in breach of the law.

2. Irregular Classification of Hospital

Review of documents revealed that Othoro Sub County Hospital was issued with certificate of registration as a level 4 hospital without meeting the requirements of a level 4 hospital contrary to Rule 16(2)(a)(b)(c) and (d) of the Medical Practitioners and Dentists (Inspections and Licensing) Rules 2022 which states that the application shall be accompanied by proof of the institution indemnity cover, current list and licensure of health professionals, name of medical director, and evidence of a submitted inspections checklist.

In the circumstances, Management was in breach of the law

3. Lack of Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.3,850,944 under the Revenue from Exchange Transactions which includes rendering of services income, as disclosed in Note 7 to the financial statements. However, the Hospital did not provide evidence to confirm that quarterly revenue reports were prepared and submitted to the County Treasury, with a copy to the Auditor-General, as required by Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation requires the Accounting Officer, receiver of revenue, or collector of revenue to prepare a quarterly revenue report not later than the 15th day after the end of each quarter.

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

4. Irregular Opening and Operation of Bank Account

An audit review established that Othoro Sub County Hospital operated a bank account at a commercial bank. However, management did not provide evidence of authorization from the County Treasury for the opening of the account, nor minutes of the Board confirming the appointment of the account signatories.

This was contrary to Regulation 82(3) and (4) of the Public Finance Management (County Governments) Regulations, 2015, which stipulate that, except with the prior authority of the County Treasury, no Accounting Officer may open a bank account for the deposit, custody, or withdrawal of public funds, or for any other official banking business. In addition, the authority of the County Treasury must be conveyed in writing to the responsible Accounting Officer, with copies submitted to the Controller of Budget and the Auditor-General.

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

5. Non-Compliance on Medical Waste Management

Review of the operations at the hospital revealed that the facility operated without an incinerator and during the time audit non pharmaceutical Hospital waste was accumulated at the hospital. There was no evidence that Management had complied with NEMA Waste Management Regulations, 2006 on biomedical waste management on taking all practical steps to ensure that waste is managed in a manner which will protect human health and the environment against the adverse effects which may result from the waste.

Further, there was no evidence that the management segregates waste at source contrary to Section 20 of the Sustainable Waste Management Act, 2022 (Cap. 387C) which provides that a person who generates waste shall segregate it at source and dispose of it only via licensed waste service providers.

The health facility did not have a waste management plan contrary to Section 17 of the Sustainable Waste Management Act, 2022 (Cap. 387C) which obliges each county

government to prepare a waste-management plan, maintain data on waste service provision, and ensure waste recovery and disposal facilities.

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

6. Compliance with Law and Effectiveness of Upgrade of Hospital -Compliance with Minimum Required Criteria for Level 4 Hospital

A review of documents and physical inspection revealed that Othoro Sub County Hospital faces significant staffing and service gaps required under Kenya Gazette Notice No. 786 of 4 February 2020. The hospital has 23 staff members against the required 101, resulting in a shortage of 78 staff. In addition, key services such as renal, surgical, pediatric, gynecology, radiology, and tuberculosis care are not offered. The facility also lacks essential equipment and infrastructure expected in Level 4 hospitals, including incubators for newborns, COTS, resuscitaires in the theatre and labour ward, functional ICU and HDU beds, a renal unit with dialysis machines, and functional operating theatres for both maternity and general services.

The hospital also faces physical and administrative challenges. It owns only 2.5 acres of land against the required 5 acres, resulting in a 2.5-acre deficit. While a Hospital Management Committee has been established, the appointment letters, qualifications, and gazette notice confirming the members' appointments were not provided for audit review.

Operational limitations further affect service delivery. The hospital does not have an ambulance, which may compromise patient referrals, particularly during emergencies. Its operations are not automated, limiting data integration with national health information systems and hindering effective information sharing. Moreover, there are no systems in place to collect patient feedback, assess satisfaction, or support continuous service improvement.

In the circumstances, it is unclear why the hospital is currently recognized and operating as a Level 4 hospital without meeting the requirements of Level 4 hospital.

7. Non-compliance with Affirmative Action Requirements for Persons with Disabilities

Review of staff biodata and discussions with management revealed that the hospital had not employed any persons with disabilities, representing 0% of its 23 staff, which is below the legally required minimum of 5%. In addition, persons with disabilities were not represented in the hospital's committees or leadership structures.

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

8. Irregular Engagement of Casual Employees

Review of record revealed that the facility has 6 casual employee which was not supported with a payroll, an approved staff establishment showing deficiency of staff to be filled by the casuals nor formal requests done by the user departments on the need for engaging casuals. There was no authorization by the County Public Services Board to the departments to recruit casual employees contrary to Section 74 of the

County Governments Act, 2012 which states that the County Public Service Board shall regulate the engagement of persons on contract, volunteer and casual workers in its public bodies and offices.

Further, records in respect of how temporary employees were hired, the work for which they were hired for, criteria for their recruitment, terms and conditions of services were not provided for audit.

In-addition evidence of monthly statutory deductions on wages in respect of PAYE, SHA and NSSF and remittances were not provided for audit.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 Fraud and Risk Management Strategies

During the year under review, Othoro Sub County Hospital did not have a Fraud Management Policy in place to assist in detecting and preventing fraud. Further, management did not have a Risk Management Policy or strategy, and therefore lacked approved processes and guidelines for mitigating operational, legal, and financial risks. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to ensure that a county government entity develops risk management strategies, including fraud prevention mechanisms, and establishes a system of risk management and internal control to support robust business operations.

In addition, management did not maintain a risk register to document identified risks, nor were formal risk assessments conducted during the financial year under review. The absence of a risk register, which serves as a central repository for identified risks and their corresponding management actions, implies that the facility may not be effectively tracking or addressing its overall risk profile.

In the circumstances, the effectiveness of fraud and risk management framework could not be confirmed.

2. Weak Internal Audit Function

Review of documents revealed that Othoro Level IV Hospital relies on the Internal Audit function of the County Executive of Migori. However, no internal audit reports for the Hospital were provided on the state of risk management, control, and governance for the financial year ended 30 June 2025. Further, the Hospital did not have an approved Internal Audit Work Plan or Internal Audit Charter.

In the circumstances, the effectiveness of internal controls could not be confirmed.

3. Inefficient Audit Committee

During the audit, it was noted that there is no evidence that the Audit Committee held a meeting during the financial year under review. This was contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires that the audit committee shall meet at least once in every three months.

In the circumstances, the effectiveness of oversight roles and governance could not be confirmed.

4. Lack of an Approved Facility Strategic Plan and Organizational Structure

The facility did not have an approved Strategic Plan in place, contrary to Section 149(2)(g) of Public Finance Management Act, 2012, requires the Accounting Officer to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government.

In the circumstances, the effectiveness of strategic direction and optimum human resource 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 Board of Management

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

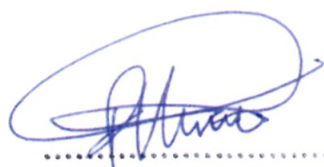
08 December, 2025

Othoro Sub County Hospital (Migori County Government)
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 30th JUNE 2025**

Description	Note	2024 - 2025	2023 - 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Public Donations and Contributions	6	3,020,901	0
		3,020,901	0
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	3,649,117	314,635
Transfers From Other Government Entities	8	0	1,071,500
Revenue from exchange transactions		3,649,117	1,386,135
Total revenue		6,670,018	1,386,135
Expenses			
Medical/Clinical costs	9	3,850,944	21,060
Board of Management Expenses	10	100,000	180,000
Employee costs	11	88,112	49,894
Repairs and maintenance	12	36,600	51,500
General expenses	13	224,113	117,760
Total expenses		4,299,769	420,214
Net Surplus / (Deficit) for the year		2,370,249	965,921

The Hospital's financial statements were approved by the Board on 19th August 2025 and signed on its behalf by:



.....
**Chairman: Pascal
 Omamba**



.....
**Head of Accounts: Stephen
 Nyainda**
 ICPAK No:31086



.....
**Medical Superintendent:
 Joseph Obimbo**

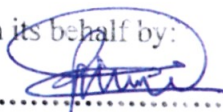
Board of Management

Othoro Sub County Hospital (Migori County Government)
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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	737,55	1,044
Receivables from exchange transactions	15	2,235,556	1,621,090
Inventories	16	1,663,647	42,558
Total Current Assets		3,899,941	1,664,692
Non-current assets			
Property, plant, and equipment	17	0	0
Total Non-current Assets		0	0
Total assets		3,899,941	1,664,692
Liabilities			
Current liabilities			
Trade and other payables	18	0	135,000
Total Current Liabilities		0	135,000
Net assets		3,899,941	1,529,692
Represented By:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		3,899,941	1,529,692
Capital Fund		0	0
Net Assets		3,899,941	1,664,692

The Hospital's financial statements were approved by the Board on 19th August 2025 and signed on its behalf by:




Chairman: Pascal
Omamba

Board of Management



Head of Accounts: Stephen
Nyainda
ICPAK No: 31086



Medical Superintendent:
Joseph Obimbo

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16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023		563,771		563,771
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	965,921	-	965,921
Capital	-	-	-	-
As at June 30, 2024	-	1,529,692	-	1,529,692
At July 1, 2024	-	1,529,692	-	1,529,692
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,370,249	-	2,370,249
Capital	-	-	-	-
At June 30, 2025	-	3,899,941	-	3,899,941

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		1,413,561	286,258
Total Receipts		1,413,561	286,258
Payments			
Medical/Clinical costs		830,043	21,060
Board of Management Expenses		235,000	45,000
Employee costs		88,112	49,894
Repairs and maintenance		36,600	51,500
General expenses		224,113	118,761
Total Payments		1,413,868	286,215
Net cash flows from operating activities	19	(307)	43
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets			
Net increase/(decrease) in cash and cash equivalents		(307)	43
Cash and cash equivalents as at 1 July	14	1,044	1,001
Cash and cash equivalents as at 30 June	14	737	1,044

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED 30th JUNE 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	1,044	1,044	1,044	-	100%
Revenue						
Rendering of services- Medical Service Income	3,649,117	-	3,649,117	1,413,561	2,235,556	39%
Transfers From Other Government Entities	-	-	-	-	-	0%
Public Donations and Contributions	-	3,020,901	3,020,901	3,020,901	-	100%
Total income	3,649,117	3,021,945	6,671,063	4,435,506	2,235,556	66%
Expenses						
Medical/Clinical costs	3,065,292	3,021,945	6,087,237	3,850,944	2,236,293	63%
Board of Management Expenses	235,000		235,000	235,000	-	100%
Employee costs	88,112	-	88,112	88,112	-	100%

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Repairs and maintenance	36,600	-	36,600	36,600	-	100%
General expenses	224,113	-	224,113	224,113	-	100%
Total Operating Expenses	3,649,117	3,021,945	6,671,062	4,434,769	2,236,293	66%
Capital expenditure	-	-	-	-	-	0%
Surplus for the period	0	0	0	737	(737)	

Note: The budget utilization of rendered services was at 39% since funds worth Ksh. 2,235,556 was still outstanding from the Fund Board. This led to the under absorption of medical and clinical cost by 63%.

- The donations worth Ksh. 3,020,901 were donations in kind and were in form of medical drugs supplies. These items were included in the medical and clinical cost. The figure varies with that in the cash flow as they were donations received in-kind.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	737
Closing Cash and Cash Equivalent as per the statement of Cash flows	737

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Othoro Level (IV) Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Migori County Government and is domiciled in Migori County in Kenya. The Othoro Sub-County Hospital's principal activity is provision of medical services to the society.

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 Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Othoro Sub-County Hospital*. 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

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	<i>Applicable 1st January 2025</i>

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Standard	Effective date and impact:
	<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>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<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>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

Othoro Sub County Hospital (Migori County Government)
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<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>IPSAS 50:</p>	<p><i>Applicable 1st January 2027</i></p>

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

iii) Early adoption of standards

Othoro Sub-County Hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

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The Othoro Sub-County Hospital 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 Othoro Sub-County Hospital.

Interest income

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

Rental income

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

b. Budget information

The original budget for FY 2024/25 was approved by the board whereby the budget for the facility was incorporated with other hospitals under the vote line of Health Services

The additional appropriations are added to the original budget by the Othoro Sub-County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Othoro Sub-County Hospital* recorded no additional appropriations on the FY 2024/25 budget. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also

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made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented.

c. Taxes

Sales tax/ Value Added Tax

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

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

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

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *one* year. 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 Othoro Sub-County Hospital recognizes such parts as individual assets with

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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. Research and development costs

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

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

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

i. Financial instruments

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

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

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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

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

Financial liabilities

Classification

The Othoro Sub-County Hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j. Inventories

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

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

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

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

k. Provisions

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Provisions are recognized when the Othoro Sub-County Hospital 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.

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The Othoro Sub-County Hospital creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

p. Changes in accounting policies and estimates

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The Othoro Sub-County Hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s. Borrowing costs

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

t. Related parties

The Othoro Sub-County Hospital 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

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vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could

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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. 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.

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6. Public Donations and Contributions

Description	2024-2025
	KShs
Public donations	3,020,901
Total donations and sponsorships	3,020,901

7. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	KShs	KShs
Health Services Fund (FIF)	3,649,117	314,635
Total	3,649,117	314,635

8. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
SHIF Claims	-	1,071,500
Linda Mama Program	-	-
Total	-	1,071,500

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	KShs	KShs
Pharms	3,180,844	8,250
Lab Items	50,000	
Non-Pharms	62,700	
Food and Ration	177,300	
Sanitary and cleansing Materials	31,500	12,810
Medical Records	348,600	-
Total	3,850,944	21,060

10. Board of Management Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowance	100,000	180,000
Total	100,000	180,000

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11. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Temporary Employees	88,112	49,894
Total	88,112	49,894

12. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Property- Buildings, Stations and machines	36,600	51,500
Total	36,600	51,500

13. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Other Fuel	11,000	8,500
Bank Charges	27,813	11,260
Printing and stationery (General office supply)	50,300	28,500
Telephone and mobile phone services	47,000	3,000
Travel and accommodation allowance	88,000	66,500
Total	224,113	117,760

14. Cash And Cash Equivalent

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts Operations	738	1,044
Total cash and cash equivalents	738	1,044

(a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank	01020262710300	738	1,044
Sub- total		738	1,044
Grand total		738	1,044

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15. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	2,235,556	1,621,090
Total receivables	2,235,556	1,621,090

Analysis of Receivables from Exchange Transactions

Description	2024-2025		2023-2024	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	2,235,556	100%	1,071,500	66%
Between 1-2 Years	0	0%	549,590	34%
Total	2,235,556		1,621,090	

16. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies and Non-Pharms	1,663,647	37,796
Food Supplies	-	4,762
Total	1,663,647	42,558

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17. Property, Plant and Equipment

Description	Land	Buil din gs and Civi l wor ks	Motor vehicl es	Furniture, fittings, and office equipment	ICT Equip ment	Plant and medical equipm ent	Capital Work in progres s	T ot al
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	0	0	0	0	0	0	0
At 1 July 2024	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2023	0	0	0	0	0	0		0
Depreciation for the year	0	0	0	0	0	0		0
Disposals	0	0	0	0	0	0		0
Impairment	0	0	0	0	0	0		0
At 30 June 2024		0	0	0	0	0		0
At July 2024	0	0	0	0	0	0		0

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Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adju stment	0	0	0	0	0	0	0	0
At 30th June 2025	0	0	0	0	0	0	0	0
Net book values								
At 30 th Jun 2024	0	0	0	0	0	0	0	0
At 30 th Jun 2025	0	0	0	0	0	0	0	0

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18. Trade and other Payables

Description	2024-2025	2023-2024
	KShs	KShs
Trade payables	0	135,000
Total	0	135,000

19. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	2,235,249	965,921
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	(1,486,090)	(42,558)
Increase in receivables	(614,466)	(1,058,320)
Increase in deferred income		-
Increase in payables	(135,000)	135,000
Increase in payments received in advance		-
Net cash flow from operating activities	(307)	43

20. 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 company'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 company 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

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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 company'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:

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the company'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.

There was no non derivative financial liabilities for the entity for the period under review.

(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 company'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 no transactional currency exposures as there were no purchases of goods and services that were done in foreign currencies.

Foreign currency sensitivity analysis

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There were no transactions made in foreign currency hence there was no risk relating to exchange rates.

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 company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

The objective of the 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:

21. 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.

Migori 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

22. Segment Information

There were no segment during the year under review.

23. Contingent Liabilities

The hospital had no contingent liability for the period

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24. Capital Commitments

There were no capital commitments under the financial year under review

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 State Corporation/ or a Semi- Autonomous Government Agency under the Department of Medical Services. Its ultimate parent is the County Government of Migori.

27. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	Failure to Disclose Items of Property, Plant and Equipment	The hospital is still waiting for the assets to be fully handed over thereafter engage a valuer who will evaluate the assets. After the valuation, the subsequent financial statement will be updated accordingly	Not Resolved	
2	Long Outstanding Receivables from Exchange Transactions	The management did letters to NHIF demanding for the settlement of the outstanding amounts.	Resolved	
3	Unresolved Prior Year Matters	The management is committed to continuous resolved the issues as was highlighted by the auditors like for instance, the management is currently doing monthly, quarterly and annual stock take, the hospital	Partially Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		board members are all gazetted and also it has received some staff from the county government through the department of medical services.		
4	Lack of an Approved Budget	The budget for the hospital was amalgamated with other level(IV) hospital budget under Health Services Management Fund but going forward, the management will come up with a line budget anchored in the County Financial Budget.	Partially Resolved	
5	Non-Compliance with Kenya Quality Model for Health Policy Guidelines	The management is committed to continuous bridge the gap I was highted by the audit and currently it has received some medical staff from the county government through the public service board which has helped in bridging the gaps highlighted.	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
6	Use of Unapproved Rates for Board Members Remuneration	The management uses the approved rates as provided for by Salaries and Remuneration Commission	Resolved	
7	No evidence was provided indicating whether the facility's pharmacy was registered with the Pharmacy and Poisons Board (PPB) as required by Section 23(1) of the Pharmacy and Poisons Act, Cap 244 2012 which states that it shall not be lawful for any person to carry on the business of a pharmacist except in premises registered in accordance with this section	The management is noted this observation and wish to state that this is a new regulation and it will do budget to ensure that this is achieved in the next budget.	Not resolved	
8	Review of records revealed that the Hospital received pharmaceuticals and non-pharmaceuticals products and recorded them on the stock control cards. However, the drugs batch number and expiry date were not captured on the bin cards and the First Expiry First Out (FEFO) stock control method was not applied while issuing the products. This is contrary to Section 1.2 (4)	The management noted the auditor's observation and has since implemented this as the drugs are arranged in the stores in such a manner that the once with early expiry are put in easy to access areas.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	of the guidelines for Safe Management of Pharmaceutical waste to minimize waste.			
9	Physical verification conducted in the pharmaceutical stores revealed that pharmaceuticals of undetermined value had already expired, but were stored together with non-expired pharmaceuticals that were still in use. This was contrary to Guideline 5.5 of the Pharmacy and Poisons Board Guidelines for Good Distribution Practices for Pharmaceuticals, which states that, 'there should be a system to ensure stock rotation, with frequent regular checks that the system is operating correctly. Products beyond their expiry date or shelf life should be removed from usable stock and it must be ensured that they are neither sold nor supplied. In circumstances, effectiveness of internal controls on pharmaceuticals and non-pharmaceuticals stock could not be confirmed.	The management noted the auditor's observation and wish to state that the expired drugs were quarantined in a designated area away from the shelves which contained the unexpired drugs. These expired drugs were not issued to the patients as they were quarantined and could not be issued to the public.	Resolved	

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Accounting Officer