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REPORT

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OTHORO LEVEL 4 HOSPITAL (RACHUONYO)

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

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**HOMA BAY COUNTY**

**OTHORO LEVEL 4 HOSPITAL(RACHUONYO)  
(Homa Bay County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2025**

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



**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
**Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025**

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
PFMA	Public Financial Management Act
HAO	Health Administrative Officer
MED- SUP	Medical Superintendent
NO I/C	Nursing Officer In charge
UHC	Universal Healthcare
HMT	Health Management Team
HRIO	Health Records Information Officer
NHIF	National Hospital Insurance Fund

## **2. Key Entity Information and Management**

### **(a) Background Information**

Othoro Level 4 Hospital was established by the Kenya gazette Notice No. 13505 and derives its authority and accountability from Homa Bay County Finance Bill 2023. The entity is wholly owned by the County Government of Homa Bay and is domiciled in Kenya.

The entity's objective is to become a well-established institution offering high quality efficient integrated medical care services and training of competent health care workers.

The entity's principal activity is to offer high quality and integrated medical care services that are affordable and accessible and to provide conducive environment that enhance active participation in the provision of high quality medical care services

### **(b) Principal Activities**

The principal activities of the entity is to:

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

### **(c) Key Management**

The Hospital's Day to day management is under the following key organs:

- i. Board of Management
- ii. Medical Officer of Health
- iii. Hospital Management Team

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

<b>Ref</b>	<b>Designation</b>	<b>Name</b>
1	Clinical Officer In charge	Mr. Geoffrey Mosima
2	Administrator	Mr. Samson Odhiambo Wanga
4	Nursing Officer	Roseline Nyahanga

**(e) Fiduciary Oversight Arrangements**

Increasingly, hospitals and health systems, along with the individuals serving on their committees and governing boards, are seeing the need for prudent oversight of their organizations. Due to a rising number of lawsuits, trustees need to ensure that their organizations are taking proactive steps to protect their organizations and themselves. Othoro Level 4 Hospital, being a government entity has formed various committees to ensure robust fiduciary oversight.

**i. Quality Improvement Team**

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

The members include;

Mr. Geoffrey Mosima– Chairperson Samson Odhiambo

Wanga - HAO – Secretary Duncan Ondcn’gc- (Lab In charge)

Roseline Nyahanga (Nurse In charge) Maureen

Owino (Pharm Tech in charge)

**ii. Emergency Response Team**

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

Mr. Geoffrey Mosima– Chairperson Samson Odhiambo

Wanga - HAO – Secretary Maureen Owino

(Pharmacist)

Paul Ng’eno - (Lab technologist)

Geoffrey Mosima - Clinical Officer

**iii. Medicines and Therapeutic Committee**

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

***Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)***  
***Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025***

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mostly manifested in demonstrating how the presence of MICs in hospitals would improve patient's health outcomes and decrease overall drug expenditures. The members;

Mr. Geoffrey Mosima (Facility In charge)– Chairperson  
Maureen Owino (Pharmacist) - Secretary  
Roseline Nyaanga (Nurse) Michael  
Ogallo – Clinical Officer  
Linah Kemunto (Deputy Hospital Administrator)

**iv. Billing and Waiver Committee**

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

Samson Odhiambo Wanga - HAO – Chairperson  
Caroline Juma (Nurse) – Secretary  
Antonina Otieno (Accounts Clerk)

**v. Maternal and Perinatal Death and Surveillance Response (MPDSR)**

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

Caroline Juma (Nurse) – Chairperson  
Mr. Geoffrey Mosima (Clinical Officer)– Secretary  
Deborah Lang'o (Nurse)  
Duncan Onden'ge (Lab Manager) Maureen  
Owino (Pharmacist)

**vi. Hospital Management Committee**

Oversight roles and resource mobilization to the facility

**vii. Hospital Management Team**

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

**viii. Hospital finance Committee**

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

**(f) Entity Headquarters**

P.O. Box 469-40300

Homa Bay, KENYA

**Entity Contacts**

Telephone: (254) 2038617565/55

E-mail: [governorsofficehomabaycounty.go.ke](mailto:governorsofficehomabaycounty.go.ke)

Website: [www.Homa Bay.go.ke](http://www.Homa Bay.go.ke)

**(g)Entity Contacts**

P.O. Box 42,40222

Kadongo

,Kenya

**Telephone:** (+254) 71196440

E-mail: [othorolcvel4hospital@gmail.com](mailto:othorolcvel4hospital@gmail.com)

**(c) Entity Bankers**

Kenya Comercial Bank

Oyugis Branch

**(d) Independent Auditors**

**Auditor General**

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(e) Principal Legal Adviser**

The County Attorney

P.O. Box 4069-40300

Homabay, Kenya

3. The Board of Management

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.	Maurice Otema	Chairman.
2.	Geoffrey Mosima	Secretary
4.	Mr. Richard Ngadia	Member
5.	Mrs Linda Awuor	Member
6.	Mrs Mary Adhiambo	Member
7.	Mr Gurstone Onyango	Member

#### 4. Management Team

Ref	Management	Details
1.	Mr. Geoffrey Mosima	Facility Incharge and Clinical Officer Incharge
2.	Mr Samson Wanga	Health Administrative Officer
3.	Mr. Felix Obuya	Pharmacist
4.	Mrs Roseline Nyahanga	Nursing Officer
5.	Ms Monica Awuor	Nutritionist
6.	Mr Duncan Ondeng'e	Lab Technologist
	Reuben Nyakawa	HRO

## **5. Chairman's Statement**

It's my pleasure to present the Annual Report and financial statements of Othoro Level 4 Hospital. Once again, the Hospital has demonstrated its commitment to centralized specialized health care services to all Kenyans citizens in the region that spans to counties in south Nyanza and western Kenya.

Management and operations of the hospital is guided by the existing legal policies and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the hospital. The hospitals operations are also influenced by various global, regional and national strategies aimed at promoting, restoring and maintaining the health care service delivery.

In terms of corporate governance, the board of management carried out its mandate diligently and with focus to steer Othoro Hospital to achieve its mission. The Board of management consists the right balance of skills, experience and backgrounds to support and challenge the management team.

On behalf of the Board of management, I would like to extend my appreciation to all our stakeholders and development partners for the continued support that has enabled Othoro Hospital realize its mandate. I would also like to thank Othoro Hospital management and staff for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Medical Superintend, for creating synergy and leading the management team and all staff to greater achievement.

Signed: \_\_\_\_\_



Mr. Maurice Otema

**Chairman**

## **6. Report of the Medical Superintendent/Facility in charge**

The performance review for financial year 2024/2025 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely and cost effective and patient-centred specialised healthcare services. Othoro Level 4 Hospital maintained steady growth throughout the year attributed to increased activity levels with a majority of the areas exceeding the targeted performance.

The Hospital has a robust financial management system that is based on the existing government financial management rules and regulations, Public Finance Management (PFM) act 2012, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standard (IFRS).

During the period just to mention little achievement, the team at Rangwe Sub-County Hospital managed to during the period of review

### **Entity Main Objective.**

The hospital is entrusted with the responsibility of ensuring the provision of quality healthcare services to its residents.

### **Sub Objectives**

- Eliminating communicable conditions,
- Halting and reversing the rising burden of non-communicable conditions,
- Reducing the burden of violence and injuries.
- Providing essential health services,
- Minimizing exposure to health risk factors.
- Strengthening collaboration with private and other sectors.

These Objectives are well highlighted in Kenya's epidemiological profile

### **Summary of Achievements:**

This report gives most significant achievements in Rangwe Hospital during the fiscal year with milestones such as:

- a) **Availability of Health Commodities for healthcare services:** This has been achieved by ensuring constant Procurement of drugs, Non-pharmaceuticals, Lab Reagents, Sanitary items balanced patient Ration to the patients seeking healthcare services in the hospital.
- b) **Promoted healthy behaviours** The department has launched several initiatives to promote healthy behaviours in the community, including a campaign to discouraging gender based Violence, VCT Services, effects of alcohol addiction, regular exercise and healthy eating, and providing friendly environment for youth friendly and MAPS service uptake areas within the hospital to encourage them to come to the facility for uptake of the services, to achieve this goal, the hospital has constantly engaged CHVs for mobilization and community dialog and encouraging community to enroll on NHIF.

- c) **Improved maternal and child health:** This is achieved by encouraging mothers through CHVs to take advantage of LINDA MAMA, increase attendance of MCH services and increase of immunization rate. And also renovating maternity ward and paediatric ward.
- d) **Strengthened partnerships:** The Hospital has fostered strong partnerships with partners, and local organization to improve health outcomes and reduce health disparities especially in the area of malaria, HIV and TB control and treatment.

**Challenges and Mitigation Measures:**

- a) Low uptake of health services due to poor health seeking behaviour in community;
- b) Low uptake of NHIF/insurance in the catchment
- c) Investment towards curative and rehabilitative services at the expense of preventive and promotive services.
- d) Lack of infrastructure and personnel like nurses, medical doctors and lab technologists, which affect services deliveries.

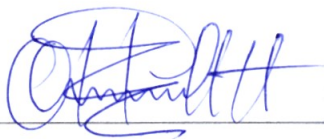
**Mitigation Measures:**

To address these challenges, the following measures are put in place

- a) Community outreaches and sensitization on the availability of telemedicine services for children in the facility, this is to be done by CHVs and the facility to facilitate
- b) Encouraged use of home-based care services.
- c) Strengthening of community-based care services especially in schools, churches, or community centres; adoption of integrated care models for patients who have chronic conditions or require rehabilitation; ensuring ongoing patient education and empowerment.
- d) Employing technical staff on contract/locum basis to address acute shortage of nurses and lab technologies.

I take this opportunity to acknowledge the support of The Homabay County Government, and Development partners. Many thanks to the chairman and Members of the Board for their strategic guidance and support. I wish to also register my appreciation to all stakeholders.

Signed: \_\_\_\_\_



**Mr. Geoffrey Mosima**

**Medical Superintendent**



03 DEC 2025

## **7. Statement of Performance against Predetermined Objectives**

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

### **Key Objectives**

The overall objective is improved clinical outcomes, satisfied clients, learning, growth and development. This will be achieved only if the Hospital is able to: -

- 1) Enhance access to quality services commensurate with the level and expectations of the coverage population by; -
  - (a) Improving drug and laboratory reagent supplies
  - (b) Staff motivation to enhance positive attitude and a conducive work place
  - (c) Improving essential and emergency medical services, medical laboratory and imaging diagnostic services including specialist pathology services,
  - (d) Expanding and ensuring equitable access by all clients by anticipating and planning for the marginalized ('ignored'), indigent and vulnerable
    - Advocating for registration with the NHIF
    - Providing fee exemptions and improving the waiver system
    - Providing outreach services
    - Providing cohort friendly service packages e.g. for the Adolescents, Youth, Elderly, Men, Commercial Sex Workers etc.
    - Delivery package for new born mothers
- 2) Improve human resource capacity (adequacy), effectiveness (knowledge and skills), motivation and satisfaction.
  - a) Human Resource is indispensable in the provision of Healthcare Services
  - b) There's need to investment in identification for recruitment and training to match staff establishment requirements and skills' mix with current and projected coverage population needs
- 3) Improve financial resources collection, mobilization, risk management and accountability
  - a) The hospital must exploit its full potential with regards to insured clients in the coverage population including but not limited to the NHIF comprehensive Scheme, the NHIF EduAfya, the NHIF Universal Coverage
  - b) The hospital must assess and mitigate the risk of revenue loss through willful negligence, laxity, corrupt practices and theft.
  - c) The Hospital must strengthen existing systems that enhance access without inherent revenue reduction e.g. subsidized services and commodities, waiver system.
  - d) The hospital must make every effort to aggressively market its strengths and exploit its opportunities
- 4) Improve consumables (pharmaceuticals, non-pharmaceuticals, supplies and other materials) availability and security

- a) The critical and indispensable role health commodities play in the outcomes of health processes MUST always be recognized and prioritized for investment and resource allocation.
  - b) While it is accurate to consider healthcare a service industry, it is unreasonable to expect any positive results or outcomes without the input of requisite appropriate, affordable and quality health commodities
  - c) It will be necessary to forecast the required quantities of all essential health commodities relevant to the needs of the Hospital's coverage population
  - d) There's need to provide adequate and appropriate space for the storage and security of the commodities
  - e) There's need to supplement the supplies procured by the County Government by establishing own source revenue.
  - f) The authority of hospital managers should be increased and hospital tender committees created and empowered to enable us to purchase goods more efficiently and responsibly.
  - g) Spending bands should be widened, and modern systems and managerial skills developed to increase the hospital procurement capacity.
  - h) If the hospital has the capacity and is in a position to comply with the requisite financial regulations we will in time, be able to decide whether to procure on our own, through government and other agencies
- 5) Improve infrastructural development and equipment and medical devices availability, maintenance and security
- a) This relates to the built environment, in-patient beds, furniture, equipment and machines, transport and technology (ICT) required for effective delivery of health services.
  - b) It is a fundamental pillar in the improvement of client experience and outcomes
  - c) Infrastructure must be designed, chosen, placed and maintained to ensure, Client safety, Efficiency and effectiveness, Sustainability and Equity and Accessibility.
  - d) There's need to ensure all critical and capital-intensive equipment are under service contracts and that preventive and / or routine maintenance of the same is the rule and is carried out as indicated in a plan.
  - e) As much as possible, mutually beneficial comprehensive placement agreements will be encouraged to broaden the range of service availability, to reduce client inconvenience and to facilitate better service delivery and outcomes
- 6) Improve on health and financial information systems automation, integration, transparency and application. Improve care through technology.
- a) A health information system (HIS) is a system that integrates data collection, processing, reporting, and use of the information necessary for improving health service effectiveness and efficiency through better management at all levels of health services.
  - b) It is a way of collecting, storing, managing and transmitting (reporting) data including, Clients' electronic medical records (EMR), Hospital's operational (HR < Finance, Procurement) management
  - c) When functioning well, the HIS facilitates planning, monitoring, and the overall quality assurance and improvement

- 7) Foster a visionary governance and competent committed leadership
  - a) Good governance and effective leadership are considered core components of a resilient health system
  - b) Good governance ensures evidence-based policy making resulting in Efficient and effective service provision and management systems, Transparency with checks and balances and Accountability
  - c) There's need to promote and lobby for leadership with demonstrable willingness to take ownership and stewardship of the hospital and to continually do what is best for the same.
- 8) Foster and expand partnerships, collaboration and social responsibility, The overriding goal is to achieve better outcomes through either one or a combination of, raising awareness about unmet needs, Provision of resources (Finances, HR, Consumables, Equipment, Plant and Machinery, Provision of joint platforms for coordination, monitoring and evaluation, Tapping into each other's unique but complementary expertise, Research and learning
- 9) Foster learning, change and improvement culture in the Hospital through improved stakeholder participation and feedback management, research and innovation.
  - a) Strengthen and expand partnership and collaboration with training institutions including but not limited to the Kenya Medical Training College, Medical training universities and colleges, AMREF International University and the Kenya School of Government.
  - b) Strengthen and expand partnership and collaboration with research institutions including the Kenya Medical Research Institute and other institutions of higher learning
  - c) Institutionalize and strengthen continuous professional development
  - d) Institutionalize and invest in operational research initiatives
  - e) Facilitate continuous client feedback management

Two strategic themes were identified each with a strategic result whose successful execution will enable the Hospital achieve its mission and vision. These are:

	<b>Strategic Theme</b>	<b>Strategic Result</b>
1	Managerial and Operational Excellence	Seamless, effective and timely service delivery and efficient Utilization of resources
2	Professional in clinical services	Improved quality healthcare services

## 8. Corporate Governance Statement

The Othoro Level 4 Board of management have responsibilities, Functions, structures and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

### Role of the Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board. The board through its committees provide strategic direction while the Medical Superintendent assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

Othoro Level 4 Hospital would typically outline the hospital's commitment to effective governance practices, which ensure transparency, accountability, and ethical conduct in its operations. Here's a sample outline of what such a statement might include:

1. **Introduction and Purpose:** Begin with an overview of the importance of corporate governance in healthcare institutions like Othoro Level 4 Hospital. Explain that the statement aims to articulate the hospital's governance framework and principles.
2. **Governance Structure:** Describe the hospital's governance structure, including its governing body (such as a board of directors or trustees), committees, and management hierarchy. Outline the roles, responsibilities, and composition of these entities.
3. **Code of Conduct and Ethics:** Discuss the hospital's code of conduct and ethics, which guides the behavior of all stakeholders, including board members, executives, employees, and volunteers. Emphasize the hospital's commitment to integrity, professionalism, and respect for patients' rights and confidentiality.
4. **Transparency and Accountability:** Highlight the hospital's commitment to transparency and accountability in its decision-making processes, financial management, and reporting. Describe mechanisms for internal controls, risk management, and compliance with regulatory requirements.
5. **Stakeholder Engagement:** Explain how the hospital engages with its stakeholders, including patients, families, staff, communities, government agencies, and regulatory bodies. Discuss channels for feedback, communication, and collaboration to ensure that stakeholders' interests are considered in decision-making.
6. **Quality and Patient Safety:** Address the hospital's focus on quality of care and patient safety, including processes for monitoring and improving clinical outcomes, infection control, medication safety, and patient satisfaction. Emphasize the importance of continuous improvement and learning from adverse events.
7. **Risk Management:** Outline the hospital's approach to identifying, assessing, and mitigating risks, including strategic, operational, financial, and legal risks. Discuss processes for risk management planning, monitoring, and reporting to the board and stakeholders.
8. **Compliance and Legal Framework:** Describe how the hospital ensures compliance with relevant laws, regulations, accreditation standards, and industry best practices. Discuss

mechanisms for monitoring changes in the legal and regulatory environment and adapting policies and procedures accordingly.

9. **Sustainability and Corporate Social Responsibility:** Discuss the hospital's commitment to sustainability, environmental stewardship, and corporate social responsibility. Highlight initiatives related to community health, diversity and inclusion, workforce development, and philanthropy.
10. **Conclusion:** Summarize the key principles and commitments outlined in the Corporate Governance Statement, reaffirming the hospital's dedication to upholding the highest standards of governance, ethics, and accountability in fulfilling its mission of providing quality healthcare services to the community.

This statement serves as a public declaration of Othoro Level 4 Hospital's commitment to good governance practices, helping to build trust and confidence among stakeholders, including patients, staff, donors, regulators, and the wider community.

## **9. Management Discussion and Analysis**

Welcome to the Management Discussion and Analysis (MD&A) for Othoro Level 4 Hospital. This report provides an in-depth analysis of the hospital's financial performance, operational highlights, and future outlook. We aim to provide transparency and insight into our operations, addressing key developments and challenges faced during the reporting period.

### **Key Highlights**

- **Service Expansion:** During the period, we successfully expanded our services to meet the growing healthcare needs of the community. This expansion included the addition of specialized clinics, diagnostic services, and outreach programs, resulting in increased patient access to quality care.
- **Financial Resilience:** Despite economic uncertainties and operational challenges, Othoro Hospital maintained financial resilience, achieving sustainable revenue growth and effective cost management. This resilience enabled us to continue our mission of providing affordable healthcare services to all segments of society.
- **Quality Improvement Initiatives:** We intensified our focus on quality improvement initiatives, implementing evidence-based practices, enhancing patient safety protocols, and investing in staff training and development. These efforts contributed to improved clinical outcomes and patient satisfaction ratings.
- **Community Engagement:** Othoro Hospital remained actively engaged with the community through health education campaigns, preventive care initiatives, and collaborations with local organizations and government agencies. These partnerships strengthened our ties with the community and facilitated greater health awareness and empowerment.

### **Financial Performance**

- **Revenue Analysis:** Total revenue for the period increased by [10]% compared to the previous year, driven by higher patient volumes, improved reimbursement rates, and expanded service offerings. Government reimbursements accounted for [100]% of total revenue, reflecting our continued partnership with public health programs.
- **Expense Management:** Operating expenses were effectively managed through stringent cost control measures and operational efficiencies. Despite inflationary pressures and rising healthcare costs, we maintained a disciplined approach to expense management, resulting in improved operating margins.
- **Capital Investments:** Significant investments were made in capital assets, including medical equipment upgrades, facility renovations, and technology enhancements. These investments were aligned with our strategic priorities of enhancing patient care quality, operational efficiency, and long-term sustainability.

### **Operational Review**

- **Patient Care Metrics:** Patient volumes across all departments saw a [50]% increase, reflecting the growing demand for healthcare services in the region. Our focus on reducing wait times, improving appointment scheduling, and streamlining clinical workflows contributed to enhanced patient access and satisfaction.
- **Clinical Excellence:** Clinical outcomes continued to surpass industry benchmarks, with notable improvements in key performance indicators such as infection rates, readmission rates, and mortality rates. Our multidisciplinary care teams demonstrated exceptional professionalism, compassion, and expertise in delivering patient-centered care.
- **Staffing and Talent Development:** We remained committed to attracting and retaining top talent in healthcare, investing in staff training, professional development, and wellness programs. Our workforce engagement initiatives fostered a culture of teamwork, innovation, and continuous learning, driving employee satisfaction and performance.
- **Outlook and Future Plans**

Looking ahead, Othoro Hospital is well-positioned to capitalize on emerging opportunities and address evolving healthcare challenges. Our strategic priorities include:

- **Continued Growth:** We will focus on expanding our service offerings, geographic reach, and market presence to serve a larger patient population and diversify revenue streams.
- **Technology Integration:** Harnessing the power of technology, we will invest in telemedicine platforms, electronic health records systems, and data analytics tools to improve care coordination, patient engagement, and clinical decision-making.
- **Partnership Development:** We will explore strategic partnerships with healthcare providers, insurers, and technology vendors to drive innovation, improve care coordination, and enhance the overall healthcare experience for our patients.
- **Community Empowerment:** Our commitment to community engagement and empowerment will remain a cornerstone of our mission, as we continue to advocate for health equity, social justice, and preventive care initiatives.
- **Conclusion**

In conclusion, Othoro Level 4 Hospital remains steadfast in its commitment to delivering high-quality, compassionate healthcare services to the community. We are confident in our ability to navigate challenges, seize opportunities, and achieve sustainable growth, guided by our unwavering dedication to excellence, integrity, and service excellence.

We thank our patients, staff, partners, and stakeholders for their continued support and trust in Othoro Hospital's mission and vision

Signed: \_\_\_\_\_

**Mr. Geoffrey Mosima**  
Medical Superintendent



## **10. Environmental and Sustainability Reporting**

The Hospital exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

As a Sub county hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure that success and longevity of the business. We are committed to being transparent, candid, and open about our operations.

At Othoro Hospital we have a pragmatic approach to sustainability; we focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits to all our stakeholders.

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

### **ii) Environmental performance**

In our offices and clinical areas, we continue encouraging employees to help reduce energy consumption by switching of their computers and lights at the end of the day.

As part of adopting energy efficient technology, we have a microwave incinerator that helps with waste management.

In packaging of medicine, we use environmentally friendly bags. In medical waste we are using bags which are clearly marked for clinical waste, bottles, leftover food, staffs are also provided with personal protective equipment

### **iii) Employee welfare**

The Hospital staff are employed and remunerated by the Homabay County Government. With recruitment policy of at least a third is not of more than one gender.

### **Policy guiding hiring process**

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which are forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

### **Efforts made in improving skills and managing careers**

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression.

Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department.

Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement.

Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

### **Appraisal and reward system**

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems are also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans includes the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description.

The appraisals period covers one (1) year starting 1<sup>st</sup> July to 30<sup>th</sup> June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

### **Reward System**

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

### **Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)**

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, fire fighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Fire fighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

#### **iv) Market place practices-**

### **Responsible Supply chain and supplier relations**

Suba County has suppliers that supply goods and services. We manage contracts and engage multiple service providers for our operations. Our own reputation as service providers is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practices and adhere to our contract agreement for all services and goods offered.

**v) Corporate Social Responsibility Statement**

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, Othoro Hospital conducts clinical outreaches in the community within its catchment area.

## **11. Report of the Board of Management**

The Board of Management submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Hospital's affairs.

### **a) Principal activities**

The principal activities of the Hospital are:

- i. Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the Hospital.
- ii. Support capacity building in the management of the Hospital
- iii. To give decision making autonomy to the Hospital management committees, to plan and manage the resources within their control
- iv. To improve the quality of health care services in the Hospital

### **b) Results**

The results of the Hospital for the year ended June 30, 2025, are set out on page 1-37

### **c) Auditors**

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

By Order of the Board

Signed:



**Mr. Geoffrey Mosima**

**Medical Superintendent**



## **12. Statement of Board of Management's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 19 of the Homabay County Finance Bill 2021 require the Board of Othoro Hospital to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital as at 30 June 2025 and the operating results of the Hospital for the year then ended. The Directors are also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The Board are also responsible for safeguarding the assets of the Hospital.

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

The Board accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Homabay County Finance Bill, 2012. The Directors are of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended 30 June, 2025, and of the Hospital's financial position as at that date.

The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

The *Othoro Level 4 Hospital* financial statements were approved by the Board on 23/2/25 and signed on its behalf by:



Chairperson

**Mr. Maurice Otema**

**Board of Management**



Secretary BOM

**Mr. Geoffrey Mosima**

**Medical Superintendent**

# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON OTHORO LEVEL 4 HOSPITAL (RACHUONYO) FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF HOMA BAY**

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### **PREAMBLE**

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Othoro Level 4 Hospital (Rachuonyo) - County Government of Homa Bay set out on pages 1 to 30, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Othoro Level 4 Hospital (Rachuonyo) - County Government of Homa Bay as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Facilities Improvement Financing Act, 2023 and the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Non-compliance with the prescribed Financial Reporting Framework**

Review of the financial statements revealed the following instances of non-compliance with the prescribed reporting template:

- i. While signing the financial statements, the accountant did not indicate his or her ICPAK number, an indication that the financial statements may have been prepared by an unqualified accountant.
- ii. The statement of comparison of budget and actual amounts does not have budget notes to explain the reported performance differences, which are all above 10%.
- iii. The statement of financial position does not have sub-title 'Represented By' for net assets, and reflects total net assets balance of Kshs.20,964,694 which is described as 'Total net assets and liabilities' instead of 'Net Assets'.
- iv. The notes to the financial statements do not include a note on cash generated from operations to reconcile the surplus for the period of Kshs.6,771,124 reported in the statement of financial performance and net cash flows from operating activities of negative Kshs.137,716 reflected in the statement of cash flows. Further, the statement of cash flows erroneously describes the amount of negative Kshs.137,716 as 'Net cash flows from working capital'.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board in accordance with Section 164(3) of the Public Finance Management Act, 2012 and, therefore, Management was in breach of the law.

#### **2. Inaccuracies in the Financial Statement**

Review of the financial statements revealed the following inaccuracies:

- i. The statement of financial position reflects accumulated surplus balance of Kshs.20,964,694, while the statement of changes in net assets indicates a

corresponding balance of Kshs.3,829,355, resulting in an unreconciled variance of Kshs.17,135,339.

- ii. Similarly, the statement of financial position reflects nil capital fund balance, while the statement of changes in net assets shows Kshs.3,908,492, resulting in an unreconciled variance of negative Kshs.3,908,492.
- iii. Further, the statement of financial position reflects receivables from exchange transactions balance of Kshs.10,622,260 which differs with the re-computed balance of Kshs.11,140,368 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.518,108:

<b>Particulars</b>	<b>Amount (Kshs.)</b>
<b>Receivables balance as at 30 June, 2024</b>	<b>3,423,340</b>
<i>Add: Other income earned in 2024/2025– Statement of financial performance</i>	14,428,417
<i>Less: Other income received in 2024/2025 - Statement of cash flows</i>	-6,711,389
<b>Re-Computed receivables balance as at 30 June, 2025</b>	<b>11,140,368</b>

- iv. In addition, the statement of financial position reflects trade payables balance of Kshs.300,000, while re-computation gives a balance of Kshs.1,694,188 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.1,394,188:

<b>Particulars</b>	<b>Amount (Kshs.)</b>
<b>Trade payables balance as at 30 June, 2024</b>	<b>886,000</b>
<i>Add: Total expenses incurred in 2024/2025– Statement of financial performance</i>	7,941,770
<i>Less: Total payments made in 2024/2025 - Statement of cash flows</i>	-7,133,582
<b>Re-Computed trade and other payables as at 30 June, 2025</b>	<b>1,694,188</b>

- v. The statement of changes in net assets reflects nil balances in as at 30 June 2024 and 1 July, 2024 in respect of capital fund and accumulated surplus, while re-computation gives balances of Kshs.3,908,492 and negative Kshs.2,941,769, resulting in unexplained variances of negative Kshs.3,908,492 and Kshs.2,941,769 respectively.
- vi. Further, the statement of changes in net assets total balance of Kshs.14,193,570 as at 30 June 2024 and 1 July 2024, which differs with the re-computed balance of Kshs.966,723, resulting in an unreconciled variance of Kshs.13,226,847.
- vii. Additionally, the statement of changes in net assets reflects nil balances in as at 30 June 2025 in respect of capital fund and accumulated surplus, while re-computation gives balances of Kshs.3,908,492 and Kshs.3,829,328, resulting in unexplained variances of negative Kshs.3,908,492 and negative Kshs.3,829,328 respectively.

viii. Moreover, the statement of changes in net assets reflects total balance of Kshs.20,964,694 as at 30 June, 2025 which differs with the re-calculated balance of Kshs.7,737,820, resulting in an unreconciled variance of Kshs.13,226,874. The re-computed balance of Kshs.7,737,820 differs with the Kshs.20,964,694 reported in the statement of financial position, resulting in an unreconciled variance of Kshs.13,226,874.

ix. The statement of comparison of budget and actual amounts reflects repairs and maintenance actual amount of Kshs.450,000, while the statement of cash flows indicates a corresponding amount of Kshs.1,167,000, resulting in an unreconciled variance of negative Kshs.717,000, despite the fact that both financial statements are prepared on cash basis.

x. The statement of comparison of budget and actual amounts reflects eight (8) performance difference amounts which differ with the re-computed differences, resulting in unexplained variances as summarized below:

Item Description	Reported Amount Kshs.	Re-computed Amount Kshs.	Variance Kshs.
Total income	6,404,313	11,394,134	(4,989,821)
Medical/clinical costs	549,000	4,899,000	(4,350,000)
Employee costs	70,000	370,000	(300,000)
Board allowances	2,500	32,500	(30,000)
Repairs and maintenance	33,000	3,950,000	(3,917,000)
20% Retain in SPA	-	196,600	(196,600)
General expenses	59,318	2,519,318	(2,460,000)
Total expenditure	-	11,967,418	(11,967,418)

xi. The statement of comparison of budget and actual amounts reflects nil amount in respect of actual surplus which differs with the re-computed surplus of Kshs.613,284, resulting in an unreconciled variance of Kshs.613,284.

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

### 3. Unsupported and Unconfirmed Trade and other Payables Transactions

The statement of financial position, and as disclosed in Note 15 to the financial statements, reflects trade payables balance of Kshs.300,000 whose supporting ledger schedule and relevant documentation were not provided for audit verification.

In the circumstances, the accuracy and completeness of the trade Payables balance of Kshs.300,000 could not be confirmed.

### 4. Undisclosed Revenue in Kind Received from the County Government of Homa Bay

The statement of financial performance reflects employee costs amount of Kshs.630,000. Review of staff biodata records revealed that the Hospital had a total

of 23 staff members, out of which 16 were appointed and paid for by the county government and 7 were appointed and paid for by Partners, a non-governmental organization. However, the employee costs for all 23 staff members were not disclosed in the financial statements and were not supported by an approved payroll.

In the circumstances, the accuracy and completeness of the employee costs amount of Kshs.630,000 could not be confirmed.

## **5. Accuracy of Revenue from Exchange Transactions**

The statement of financial performance reflects other income amount of Kshs.14,428,417, while the supporting ledger provided for audit indicated Kshs.3,437,615, resulting in an unreconciled variance of Kshs.10,990,802. Further, the ledger schedule was not supported by detailed billing reports showing revenue generated per patient.

In addition, the amount of Kshs.14,428,417, includes revenue of Kshs.7,138,320 from the Social Health Authority (SHA). However, records from the Hospital's SHA portal indicate that claims totaling Kshs.9,618,810 were submitted during the year under review, out of which claims amounting to Kshs.2,998,040 were rejected due to the submission of incorrect documentation, demonstrating negligence by Management.

As at 30 June, 2025, the Hospital's SHA claims ledger schedule reflected a total of Kshs.2,945,795, whereas the SHA portal indicated submitted claims of Kshs.9,618,810, resulting in an unreconciled variance of Kshs.6,673,015.

Furthermore, although the Hospital received SHA payments totaling Kshs.4,644,449, as reflected in its bank statements, it had submitted claims worth Kshs.9,618,810, leading to an underpayment of Kshs.4,974,361.

In addition, the Hospital's SHA portal was registered with official facility details; however, its access allows multiple logins and is used by various staff. This contravenes Regulation 102(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to ensure that any alteration of financial records, whether electronic or manual, maintains a sufficient audit trail to identify the person who authorized, approved, or deleted a transaction.

Moreover, review of Hospital's operations related to revenue collection revealed that, although patients paid for services through a designated paybill number, official receipts were not issued. The Hospital lacked an integrated revenue collection system linking various departments, such as the laboratory and pharmacy, and instead relied on a manual system for receipting, billing, and report generation, which could not 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 did not indicate the mode of payment, whether by cash or through SHA claims and insurance recoveries.

In the circumstances, the accuracy and completeness of the other income amount of Kshs.14,428,417 could not be confirmed. Also, the effectiveness of internal controls on identification, collection and recording of revenue could not be confirmed.

## **6. Unsupported Inventories Balance**

The statement of financial position reflects Inventories balance of Kshs.15,910 as disclosed in Note 12 to the financial statements. However, the inventory and stock taking report for the year under review was not provided for audit review, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement Function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer. In addition, Management did not provide the updated inventory register as of 30 June, 2025.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.15,910 could not be confirmed.

## **7. Receivables from National Health Insurance Fund (NHIF)**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.10,622,260 which, as disclosed in Note 11 to the financial statements, includes Kshs.7,305,300 receivable from the National Health Insurance Fund (NHIF). However, Management did not demonstrate or give evidence of efforts made to recover the outstanding amounts.

In the circumstances, the accuracy and recoverability of the reported receivables from NHIF could not be confirmed.

## **8. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position, and as disclosed in Note 13 to the financial statements, reflects property, plant and equipment balance of Kshs.10,614,313. The balance includes Kshs.3,500,000 in respect of land whose ownership documents were not provided for audit.

It was also noted that the Hospital had not maintained an up-to-date fixed asset register containing essential details such as asset classifications, asset tags, serial or logbook numbers, asset locations, opening balances, additions, acquisition dates, disposals, depreciation charges, accumulated depreciation, and net book values.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.10,614,313 and the ownership of the land occupied by the Hospital could not be confirmed.

## **9. Unsupported and Unconfirmed Retention in SPA**

The statement of financial performance reflects amounts retained in Special Purpose Account of Kshs.813,400. However, the supporting ledger schedules and relevant documentation were not provided for audit verification.

In the circumstances, the accuracy and completeness of the amount of Kshs.813,400 retained in Special Purpose Account could not be confirmed.

## **10. Unsupported Repairs and Maintenance Expenses**

The statement of financial performance, and as disclosed in Note 8 to the financial statements, reflects Kshs.1,167,000 in respect of repairs and maintenance. However, the supporting payment vouchers, with pre and post engineers' reports were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of the expenditure of Kshs.1,167,000 on repairs and maintenance could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis amounts of Kshs.18,350,000 and Kshs.6,995,866, resulting in underfunding of Kshs.11,394,134, or 62% of the budget.

Further, the budget amount of Kshs.18,350,000 was not supported by an approved budget.

The underfunding affected planned activities and may have negatively impacted service delivery by the Hospital. Also, in the absence of approved budget, the regularity of the actual expenditure of Kshs.6,382,582 could not be confirmed.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital**

Review of revenue records obtained from the Othoro Level 4 Hospital revealed total collection of Kshs.14,712,894 towards the health facilities improvement. Out of this amount, a total of Kshs.4,067,000 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.3,253,600 to the health facilities resulting in a deficit of Kshs.813,400. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

#### **2. Failure to Appoint a Facility In Charge and Accounting Officer**

Review of records revealed that the officer in charge had not been formally appointed and had not been designated as the Accounting Officer. This is contrary to Section 21(2) of the Facilities Improvement Financing Act, 2023 (Cap. 277) Laws of Kenya, which provides that the hospital Medical Superintendent (or facility in-charge, in the case of health centers and dispensaries) shall receive the authority to incur expenditure from the Chief Officer.

Further, there was no evidence that the in-charge has requisite qualifications contrary to First Schedule of the Health Act, 2017 on level 4 hospitals which states that the In-charge shall be a registered medical practitioner with a Master's degree in a health-related field.

Under the circumstances, the absence of a formally appointed and qualified Accounting Officer undermines compliance with statutory requirements, compromises proper financial management, and exposes the hospital to risks of unauthorized expenditure and weak governance.

### **3. Irregular Issuance of Hospital Registration Certificate**

Review of documents revealed that Othoro Level 4 Hospital (Rachuonyo) was issued with a certificate of registration 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, the Hospital was issued with a certificate of registration in breach of the law.

### **4. Lack of Quarterly Revenue Reports**

The statement of financial performance reflects an amount of Kshs.14,712,894 under the revenue from exchange transactions which includes rendering of services and other income, as disclosed in Note 2 and 3 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.

### **5. Unregistered Facility's Pharmacy**

During the review period, it was observed that the facility was operating a pharmacy without any evidence of registration with the Pharmacy and Poisons Board (PPB). This was contrary to Section 23(1) of the Pharmacy and Poisons Act Cap (244), 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.

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

### **6. Irregular Opening and Operation of Bank Account**

Audit review established that Othoro Level 4 Hospital (Rachuonyo) 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.

## 7. 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 entrance of the burning chamber next to the washrooms. The sensitive biomedical and pharmaceutical waste is accumulated and transported to Homa Bay Teaching and Referral Hospital for disposal. However, 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 Hospital 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.

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

Review and physical inspection of the Hospital revealed gaps in terms of staffing requirements, services offered, bed capacity, equipment and machines. It was noted that the hospital did not meet the minimum requirements of a level 4 hospital as shown in the table below:

Criteria/Component	Minimum Required	No. in place	Variance /Shortage	Comments
Total Staff	101	23	78	4-Registered Clinical Officers,6-Registered Nurse ,1-Laboratory Technician,1-Pharmacy Technician 3-Clerical Officer,1-Nutritionist,1-Health Records Officer,1-Community Health Assistant

*Report of the Auditor-General on Othoro Level 4 Hospital (Rachuonyo) for the year ended 30 June, 2025-Homabay county Government*

				1-Public Health Officer, 1-Adherence counsellor ,2-HealthAdministration Officers
Services offered	6	5	1	The Hospital provides the following services: laboratory, outpatient, MCH, inpatient, and maternity services but lacks renal, surgical, pediatrics, gynecology, radiology, and tuberculosis services.
Bed Capacity	150	19	131	Inadequate bed capacity
<b>Equipment &amp; Machines</b>				
Incubators for Newborn	5	0	5	Not equipped
COTS	5	0	5	Not equipped
Resuscitaire in theatre	1	0	1	Not equipped
Resuscitaire in labour Ward	2	0	2	Not equipped
Functional ICU Beds	6	0	6	Not equipped
HDU Beds	6	0	6	Not equipped
Renal Unit with dialysis Machines	5	0	5	Not equipped
Functional Operating theatres Maternity & General	2	0	2	Not equipped
Assets Management – Land	5 Acres	Approx. 2.5 acre	2.5 Acres	Not adequate

Further, the Hospital did not have an ambulance, which may negatively affect the efficiency of patient referrals, particularly during medical emergencies. The hospital's operations and processes have not been automated, limiting data integration with national health information systems and hindering effective information sharing.

In addition, there are no established systems for collecting patient feedback, assessing satisfaction, or supporting continuous service improvement.

According to Kenya Gazette Notice No. 786 of 4 February 2020 on the categorization of health facilities, Othoro Level 4 Hospital (Rachuonyo) is classified as a Level 3A facility. It is therefore unclear why the Hospital is currently recognized and operating as a Level 4 hospital.

In the circumstances, it was not possible to confirm whether Othoro Level 4 Hospital operated legally during the year under review.

## **9. Non- Compliance with Law on Ethnic Composition in Staffing**

Review of staff biodata records revealed that the Hospital had a total of 23 staff members, comprising 16 employees appointed by the government and 7 engaged by Partner, a non-governmental organization. Further review indicated that out of the twenty-three (23) staff, eighteen (18), representing approximately 78% of the total workforce, were drawn from a single dominant ethnic community, as summarized in the table below.

This was contrary to section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

## **10. 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.

## **11. Irregular Engagement of Casual Employees**

Review of record revealed that the Hospital had six (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 the circumstances, Management was in breach of the law.

## **12. Late submission of Financial Statements for 2023-2024**

The financial statements for 2023-2024 were submitted in November, 2024 two months late from the statutory date for submission of the financial statements. This was contrary to section 149(2)(k) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned, not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

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

### Basis for Conclusion

#### 1. Lack of Fraud and Risk Management Strategies

During the year under review, Othoro Level 4 Hospital (Rachuonyo) 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 risk management in the Hospital could not be confirmed.

#### 2. Weak Internal Audit Function

Review of documents revealed that the Hospital relies on the Internal Audit function of the County Executive of Homa Bay. 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 and risk management in the Hospital could not be confirmed.

### **3. Inefficient Audit Committee**

During the audit, it was noted that Othoro Level IV Hospital had audit committee appointed in 5 September, 2024 consisting of four (4) members. However, 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 internal controls, risk management and governance in the Hospital 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 internal controls and risk management in the Hospital could not be confirmed.

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

### **Responsibilities of the Management and Board of Management**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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


### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**05 December, 2025**

**13. Statement of financial Performance for the year ended 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from Exchange Transactions</b>			
Rendering of Services	2	284,477	238,670
Other Income	3	14,428,417	2,634,583
<b>Total revenue</b>		<b>14,712,894</b>	<b>2,873,253</b>
<b>Expenses</b>			
Medical/Clinical Costs	4	3,451,000	2,021,400
Employee Costs	5	630,000	735,000
Board of Management Expenses	6	97,500	70,000
Depreciation and Amortization	7	842,188	1,083,350
Repairs & Maintenance	8	1,167,000	450,000
General Expenses	9	940,682	501,922
20%Retain in SPA	10	813,400	146,450
<b>Total expenses</b>		<b>7,941,770</b>	<b>5,815,022</b>
<b>Accumulative Surplus/Deficit for the period</b>		<b>6,771,124</b>	<b>(2,941,769)</b>

The notes set out on pages 1 to 31 form an integral part of the Annual Financial Statements.

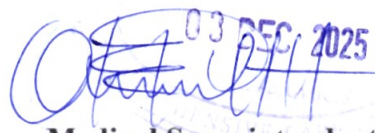
The Hospital's financial statements were approved by the Board on 03/12/2025 and signed on its behalf by:



**Chairman**  
**Board of Management**



**Accountant**  
**ICPAK No:**



**Medical Superintendent**

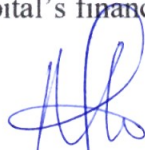
**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
**Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025**

**14. Statement of financial position as at 30<sup>TH</sup> June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	12,212	149,928
Receivables From Exchange Transactions	12	10,622,260	3,423,340
Inventories	13	15,910	49,802
<b>Non-Current Assets</b>			
Property, Plant and Equipment	14	10,614,313	11,456,500
<b>TOTAL ASSETS (A)</b>		<b>21,264,694</b>	<b>15,079,570</b>
<b>Liabilities</b>			
Trade Payables(B)	15	300,000	886,000
<b>Net Assets (A-B)</b>		<b>20,964,694</b>	
<b>Accumulated surplus/Deficit</b>		20,964,694	14,193,570
Capital Fund			
<b>Total net assets and liabilities</b>		<b>20,964,694</b>	<b>15,079,570</b>

*(The notes set out on pages 1 to 31 form an integral part of the Annual Financial Statements.)*

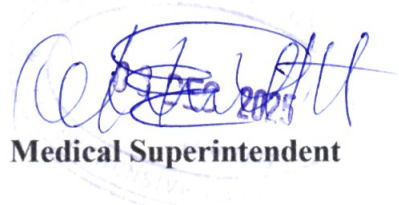
The Hospital's financial statements were approved by the Board on 03/12/25 and signed on its behalf by:



**Chairman**  
**Board of Management**



**Accountant**  
**ICPAK No:**



**Medical Superintendent**

**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
**Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025**

• **15. Statement of Changes in Net Assets for the year ended 30 June, 2025**

	Capital Funds	Accumulated Surplus	Total
		Kshs	Kshs
<b>Balance as at 1 July 2023</b>			
Surplus/(deficit) for the period		(2,941,769)	(2,941,769)
Capital/Development Grants	3,908,492		3,908,492
<b>Balance as at 30 June 2024</b>			<b>14,193,570</b>
<b>Balance as at 1<sup>st</sup> July 2024</b>			<b>14,193,570</b>
Surplus/(deficit) for the period		6,771,124	6,771,124
Capital Fund			
<b>Balance as at 30 June 2025</b>			<b>20,964,694</b>

The Hospital's financial statements were approved by the Board on 03/12/25 and signed on its behalf by:



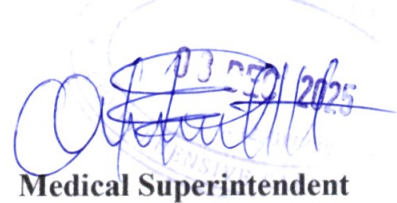
**Chairman**

**Board of Management**



**Accountant**

**ICPAK No:**



**Medical Superintendent**

**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
**Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025**

**16. Statement of Cashflow for the Year ended 30 June, 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Revenue from exchange transactions</b>			
Rendering of Services		284,477	238,670
Other Income		6,711,389	2,634,583
<b>Total Receipts</b>		<b>6,995,866</b>	<b>2,873,253</b>
<b>Payments</b>			
Medical/Clinical Costs		3,451,000	1,655,400
Employee Costs		664,000	321,000
Board of Management Expenses		97,500	70,000
Repairs & Maintenance		1,167,000	380,000
General Expenses		940,682	465,922
20%Retain In SPA		813,400	146,460
<b>Total Payments</b>		<b>7,133,582</b>	<b>3,038,772</b>
<b>Net Cash flows from working capital</b>		<b>(137,716)</b>	<b>(165,519)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(137,716)</b>	<b>(165,519)</b>
Cash and cash equivalents at 1 JULY		149,928	315,447
<b>Cash and cash equivalents at 30 JUNE</b>		<b>12,212</b>	<b>149,928</b>

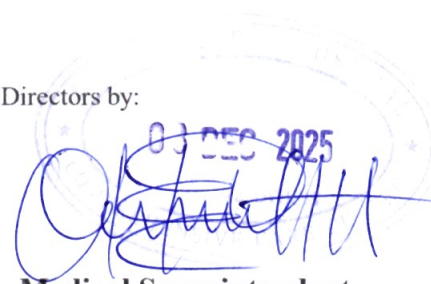
Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:



**Chairman**  
**Board of Management**



**Accountant In-Charge**  
**ICPAK No:**



**Medical Superintendent**

**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
**Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025**

**17. Statement of Comparison of Budget and Actual amounts for the Year ended 30<sup>th</sup> June, 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Rendering of Services	350,000	-	350,000	284,477	65,523	81%
Other Income Nhif	8,500,000		8,500,000	2,161,210	6,338,790	25%
Other Income Sha	9,500,000		9,500,000	4,550,179	4,949,821	48%
<b>Total income</b>	<b>18,350,000</b>	<b>-</b>	<b>18,350,000</b>	<b>6,995,866</b>	<b>6,404,313</b>	<b>38%</b>
<b>Expenses</b>						
Medical/Clinical costs	8,350,000	-	8,350,000	3,451,000	549,000	41%
Employee costs	1,000,000		1,000,000	630,000	70,000	63%
Board allowance	130,000		130,000	97,500	2,500	27%
Repairs and maintenance	4,400,000		4,400,000	450,000	33,000	27%
20%Retain In SPA	1,010,000		1,010,000	813,400		81%
General expenses	3,460,000		3,460,000	940,682	59,318	75%
<b>Total expenditure</b>	<b>18,350,000</b>	<b>-</b>	<b>18,350,000</b>	<b>6,382,582</b>		<b>39%</b>
<b>Surplus for the period</b>						

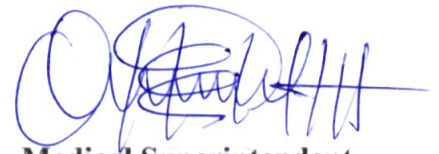
The notes set out on pages 1 to 31 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:



**Chairman**  
**Board of Management**



**Accountant In-Charge**  
**ICPAK No:**



**Medical Superintendent**

03 DEC 2025

## **19. Notes To the Financial Statements**

### **1. General Information**

Othoro Level 4 Hospital entity is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Provide affordable and accessible universal health coverage.

### **2. Statement Of Compliance And Basis Of Preparation**

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

The financial statements have been prepared per the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to COVID-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2026

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024*

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 2024.*

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

**Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)**  
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Standard	Effective date and impact:
	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.
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>

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*Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025*

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

**i. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Budget information**

Board approved the original budget for FY 2024/25. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded reallocation of funds on the year under review budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

***Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)***  
***Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025***

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A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section of xvii these financial statements.

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

**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. 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

***Othoro Level 4 Hospital(Rachuonyo) (Homa Bay County Government)***  
***Annual Report and Financial Statements For the Year ended 30<sup>th</sup> June 2025***

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is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

It's important to **note** that Plant, Property and Equipment recognized in this financial report include estimated values of the ICT equipment depreciated at 30%, medical equipment acquired prior to the year at 12.5% and furniture and fittings at 10%. The values of other equipment including land could not be ascertained, therefore not included in the financial statements. This is because most of the equipment were donated/ transferred by National Government. The management need time and other resources to carry out valuation of the other equipment, land and buildings. The List of equipment attached; **annex vii**

**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.

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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. The intangible asset relates to upgrade of the Software (Hospital Information Management System) which is a work in progress and has been partially paid. No amortization has been provided because it is still work in progress.

**h) Research and development costs**

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

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

➤ The ability to measure reliably the expenditure during development.

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

## **i) Financial instruments**

### **Financial assets**

#### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments Or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

### **Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Loans and borrowing**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

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

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

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

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

**k) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

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

**Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-

contribution plans. The defined benefit funds are actuarially valued tri-Annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) 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.

**p) 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.

**q) Related parties**

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

**i) 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

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'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.

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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.

**s) Comparative figures**

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

This is the first time the management is preparing financial statements therefore there are no comparative figures for the previous year

**t) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

Changes in the market in relation to the asset.

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note

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. No provision has been made in these financial statements.

**Notes to the Financial Statements (Continued)**

**2. Rendering of Services-Medical Service Income**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	123,450	73,000
Laboratory	98,500	57,430
In patient	38,747	54,900
Medical Records		24,500
Out patient	23,780	28,640
<b>Total revenue from the rendering of services</b>	<b>284,477</b>	<b>238,670</b>

**3. Other Income**

<b>Description</b>	<b>2024-2025</b>	<b>2024-2024</b>
	<b>kshs</b>	<b>Kshs</b>
SHA AND NHIF CALIMS	14,509,693	2,634,583
Receivables		3,423,430
<b>Total other income</b>	<b>14,509,693</b>	<b>6,058,013</b>

**4. Medical/ Clinical Costs**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Laboratory chemicals and reagents	340,000	200,000
Food and Ration	676,000	145,400
Dressing and non-pharmaceuticals	470,000.00	500,000
Sanitary and cleansing Materials	442,000	85,000
Purchase of Beddings and linnen	221,000	
Medical Drugs	841,630.00	645,000
Medical Records	460,370	
Accruals		366,400
<b>Total medical/ clinical costs</b>	<b>3,451,000</b>	<b>2,021,400</b>

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**5. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	630,000	321,000
Accrued Wages		414,000
<b>Employee costs</b>	<b>630,000</b>	<b>735,000</b>

**6. Board of Management Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting allowance	97,500	70000
<b>Total</b>	<b>97,500</b>	<b>70000</b>

**7. Depreciation And Amortization Expense**

Description	2024-2025	2023-2024
	Ksh	Kshs
Property, plant and equipment	842,187.50	1,083,350
<b>Total depreciation and amortization</b>	<b>842,187.50</b>	<b>1,083,350</b>

**8. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance of Property- Buildings and other civil works	1,167,000	450,000
<b>Total repairs and maintenance</b>	<b>1,167,000</b>	<b>450,000</b>

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**9. General Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank charges	24,382	32,022
Electricity expenses	92,000	60,000
General Office Supplies	279,000.00	58,000
Domestic Travel Costs		107,900
Daily Subsistence	103,800	52,000
Telephone and mobile phone services	38,000	21,000
Refined Fuels Expense	120,000	75,000
Computer and Printing Accessories		50,000
Chemical And Industrial Gas		10,000
Other Fuel	45,000	
Internet	41,382	
Fumigation	68,000	
Accruals		36,000
<b>Total General Expenses</b>	<b>940,682</b>	<b>501,922</b>

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**10. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	Khs	Kshs
Current accounts	12,212	149,928
<b>Total cash and cash equivalents</b>	<b>12,212</b>	<b>149,928</b>

**11. Receivables From Exchange Transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
Medical services receivables-SHA	3,316,960	797,000
<b>Medical services receivables-NHIF</b>	<b>7,305,300</b>	
<b>Total receivables</b>	<b>10,622,260</b>	<b>797,000</b>

**12. Inventories**

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceutical supplies	5,000	10,952
Laboratory supplies	2000	15,700
Dressing and non-Pharms	6,000	20,150
Sanitary and Cleaning	1,410	3,000
Food supplies	1,500	
General supplies		
<b>Total</b>	<b>15,910</b>	<b>49,802</b>

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**13. Property, Plant and Equipment**

Description	Land	Buildings and Civil Work	Motor Vehicles	ICT Equipment	Plant & Medical Equipment	Furniture, Fittings & Office Equipment	Total	
	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs	
Cost		0.025		20%	12.50%	12.50%		
At 30th June 2024	3,500,000	1,625,000		135,000.00	5,689,500.00	507,000.00	11,456,500.00	
At 1st July 2024	3,500,000	1,625,000		135,000.00	5,689,500.00	507,000.00	11,456,500.00	
Additions				-				
Disposal								
Transfers/adjustments								
At 30 <sup>th</sup> June 2025	3,500,000	1,625,000	-	135,000.00	5,689,500.00	507,000.00	11,456,500.00	
Depreciation and impairment		40,625.00	-	27,000.00	711,187.50	63,375.00	842,187.50	
Net book Value	-	-						
At 30th June 2025	-	<u>3,500,000</u>	<u>1,584,375</u>	<u>=</u>	<u>108,000</u>	<u>4,978,313</u>	<u>443,625</u>	<u>10,614,313</u>

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**14. Trade and Other Payables**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables-medical cost	300,000	366,000
Trade payables- general expense		36,000
Employee dues		414,000
Repair of Building		70,000
<b>Total</b>	<b>300,000</b>	<b>886,000</b>

**Financial Risk Management**

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

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

**(i) Credit risk**

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

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representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing
	Kshs	Kshs
<b>At 30 June 2025</b>		
Receivables from exchange transactions	10,622,260	3,423,340
Bank balances		
<b>Total</b>	<b>10,622,260</b>	<b>3,423,340</b>

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

The board of management sets the Hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Over 5 months	Total
	Kshs	Kshs
<b>At 30 June 2024</b>		
Trade payables	300,000	886,000
<b>Total</b>	<b>300,000</b>	<b>886,000</b>

### **Market risk**

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

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

### **Interest rate risk**

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

### **Management of interest rate risk**

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

## **1. Related Party Disclosures**

### **Nature of related party relationships**

Entities and other parties related to the Hospital include those parties who have 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.

**County Government of Homabay**

The county Government of Homabay is the principal shareholder of the Hospital, holding 100% of the Hospital's net assets interest.

**Other related parties include:**

- i) The Parent Ministry Health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of directors

**2. Events after the Reporting Period**

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

**3. Ultimate and Holding Entity**

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

**4. Currency**

The financial statements are presented in Kenya Shillings