

REPUBLIC OF KENYA

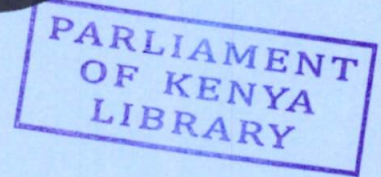


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REPORT

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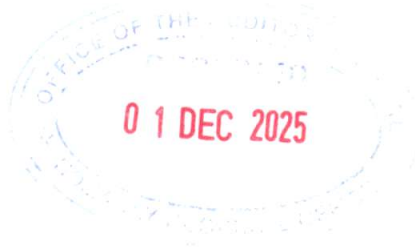
ON

NDHIWA LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

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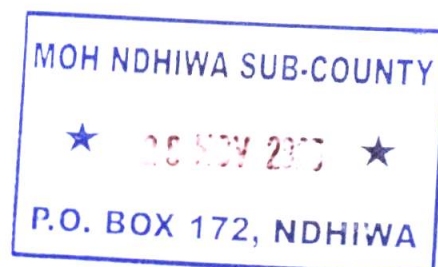
# NDHIWA LEVEL 4 HOSPITAL (Homabay County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

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



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## **1. Acronyms & Glossary of Terms**

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

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

## 2. Key Entity Information and Management

(a) **Background information**

Ndhiwa Sub County Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Homa bay County under the Health Department. The hospital is governed by a Board of Management.

(b) **Principal Activities**

The principal activity/mission/ mandate of the hospital is to provide efficient and effective health care services to Ndhiwa community and any other client within and outside Homabay county.

(c) **Key Management**

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

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

(d) **Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr Nicodemus Odundo
2.	Head of finance	Miss Linet Akinyi Kamboka
3.	Head of supply chain	Miss Vera Obingo
4.	Health Administration officer	Mr Charles Onyango



(e) **Fiduciary Oversight Arrangements**




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

**Key Entity Information and Management (continued)**

- (f)      **Entity Headquarters**  
P.O. Box 172-40302  
Isolated Land  
NDHIWA, KENYA
- (g)      **Entity Contacts**  
Telephone: (254)20323291  
  
E-mail: ndhiwasubdistricth@gmail.com
- (h)      **Entity Bankers**  
  
Cooperative Bank of Kenya  
NDHIWA BRANCH  
P.O Box 228  
NDHIWA, KENYA
- (i)      **Independent Auditors**  
  
Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j)      **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
- (k)      **County Attorney**  
  
P.O. Box. 469-40300  
Homabay, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 <p data-bbox="284 882 746 913">MRS DORINE ADHIAMBO JUMA</p>	<p data-bbox="842 394 1225 425">Date of Birth: 1<sup>st</sup> August 1960</p> <p data-bbox="842 445 1305 477">Appointment Date: 1<sup>st</sup> February 2019</p> <p data-bbox="842 497 1058 528">Duration: 3Years</p> <p data-bbox="842 548 1241 580">End of Term: 1<sup>st</sup> February 2022</p> <p data-bbox="842 600 1369 689">Accademic Bachelor Degree of Science in Agriculture, Education and Extension</p> <p data-bbox="842 710 1090 741">Profession: Teacher</p> <p data-bbox="863 761 1390 904">Work Experience: Mrs Dorine Adhiambo has been working as a teacher for a period of 30 years.</p>
2.	 <p data-bbox="284 1592 619 1624">MR. GEORGE ODHACH</p>	<p data-bbox="842 983 1018 1014">Date of Birth:</p> <p data-bbox="842 1034 1305 1066">Appointment Date: 1<sup>st</sup> February 2019</p> <p data-bbox="842 1086 1050 1117">Duration:3Years</p> <p data-bbox="842 1137 1241 1169">End of Term: 1<sup>st</sup> February 2022</p> <p data-bbox="842 1189 1321 1279">Accademic Qualifications: Diploma in Automotive Engineering</p> <p data-bbox="842 1299 1106 1330">Profession: Engineer</p> <p data-bbox="842 1350 1390 1650">Work Experience: George Odhach has worked in Mumias Sugar Company for a period of 23 years as a supervisor from (1981-2004) Afterwhich Joined Sony Sugar for 2 years from 2005-2007) as a sector Mechanic.</p>




<p>3.</p>	 <p><b>MR. JOHN OKEYO NDIEGE</b></p>	<p><b>Date of Birth:</b> 15<sup>th</sup> September 1955  <b>Appointment Date:</b> 1<sup>st</sup> February 2019  <b>Duration:</b> 3 years  <b>End of Term:</b> 1<sup>st</sup> February 2022  <b>Academic</b> Advanced Certificate in Supplies Management.  <b>Profession:</b> Procurement Officer  <b>Work Experience:</b> Worked with the Ministry of Transport and Communication as a store man in North Eastern Region for a period of 5 years. After working in the office of the President, Government Chemist as Supplies Assistant officer</p>
<p>4.</p>	 <p><b>MR. RICHARD WANDUGU ANYANGO</b></p>	<p><b>Date of Birth:</b> 1<sup>st</sup> April 1949  <b>Appointment Date:</b> 1<sup>st</sup> February 2019  <b>Duration:</b> 3 Years  <b>End of Term:</b> 1<sup>st</sup> February 2022  <b>Accademic</b> P1 Teacher  <b>Profession:</b> Teacher  <b>Work Experience:</b> Richard Wandugu Anyango has worked as a teacher for a period of 25 years</p>
<p>5.</p>	 <p><b>DR. NICODEMUS OMONDE ODUNDO</b></p>	<p><b>Date of Birth:</b> 12<sup>th</sup> July 1983  <b>Re appointment Date:</b> 1<sup>st</sup> February 2019  <b>Duration:</b> 3 Years  <b>End of Term:</b> 1<sup>st</sup> February 2022  <b>Accademic:</b> Bachelor of Medicine and Surgery  <b>Profession:</b> Medical Doctor  <b>Work Experience:</b> Dr Nicodemus Odundo has worked as a medic for the past 13 years in Homa Bay County Referral, Sindo Sub</p>


*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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		County Hospital and Ndhiwa Sub County Respectively.
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**4. Key Management Team**

Ref	Management	Details
1.	 <p data-bbox="288 801 587 835">Dr. Nicodemus Odundo</p>	<p data-bbox="1034 353 1385 387"><b>Date of Birth:</b> 12<sup>th</sup> July 1983</p> <p data-bbox="1034 409 1385 499"><b>Academic :</b> Bachelor of Medicine and Surgery</p> <p data-bbox="1034 521 1385 555"><b>Profession:</b> Medical Doctor</p> <p data-bbox="1034 577 1385 611"><b>Work Experience:</b>Dr Nicodemus Odundo has worked as a medic for the past 13 years in Homa Bay County Referral, Sindo Sub County Hospital and Ndhiwa Sub County Respectively.</p>
2.	 <p data-bbox="288 1350 512 1384">Mrs. Dorine Kadu</p>	<p data-bbox="1034 943 1337 1032"><b>Date of Birth:</b> 4<sup>th</sup> August 1979</p> <p data-bbox="1034 1055 1337 1144"><b>Academic :</b> Bachelors of Science in Nursing</p> <p data-bbox="1034 1167 1337 1200"><b>Profession:</b> Nurse</p> <p data-bbox="1034 1223 1337 1256"><b>Work Experience :</b> Mrs Dorine Kadu has worked as a Nurse for the a period of 25 years ie 17 Years in Government and 8years in private practice</p>
3.	 <p data-bbox="288 1933 523 1966">Miss Linet Akinyi</p>	<p data-bbox="1034 1532 1401 1576"><b>- Date of Birth:</b> 6<sup>th</sup> May 1987</p> <p data-bbox="1034 1599 1417 1688"><b>Academic:</b> Bachelor of commerce accounting (KCAU)</p> <p data-bbox="1198 1697 1289 1731">CPAK</p> <p data-bbox="1034 1731 1337 1765"><b>Profession:</b> Accountant</p> <p data-bbox="1034 1787 1417 1989">1. <b>Work Experience :</b> Miss Linet Akinyi Kamboka has worked as an Accountant for a period of 11 years.</p>

4.	 <p>Mr. Charles Onyango Opiyo</p>	<p><b>Date of birth:</b> 20<sup>th</sup> October 1978</p> <p><b>Appointment date:</b> 5<sup>th</sup> July 2015</p> <p><b>Academic:</b> Degree in Business Administration</p> <p><b>Profession:</b> Administrator</p> <p><b>Work Experience:</b> 9 years as a health administrator</p>
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## 5. Chairman's Statement

It's my pleasure to present the Annual Report and financial statements of Ndhiwa 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 Ndhiwa 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.

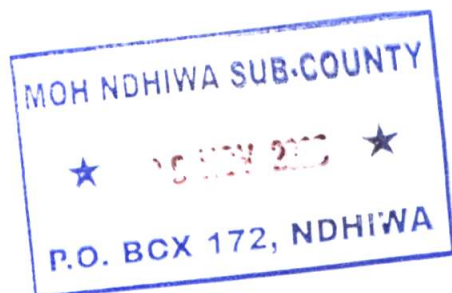
On behalf of the Board of management, I would like to extend my appreciation to all our stakeholders and development partners for the continued support that has enabled Ndhiwa Sub County Hospital realize its mandate. I would also like to thank Ndhiwa Sub County Hospital management and staff for their 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.

DORINE ADHIAMBO JUMA

Name *Aduma*

**Chairman to the Board**



## **6. Report of The Medical Superintendent Ndhiwa Level 4 Hospital**

I am pleased to present this statement highlighting the performance of Ndhiwa Level 4 hospital for the year ended 30 June 2025.

During the year under review, the facility continued to deliver quality healthcare services to the community. Outpatient visits totaled 12,460, while inpatient admissions stood at 8,219, with a bed occupancy rate of 100%. Maternal and child health indicators remained positive, with 5,469 skilled deliveries and immunization coverage of 89.14 %. Specialized services, including surgery and chronic disease management, were expanded.

The facility's human resource base grew to 104 staff. Training programs in clinical care, infection prevention, and patient safety were implemented, though staffing gaps in critical specialties persist. Investments were made in infrastructure upgrades and acquisition of diagnostic equipment to support service delivery.

From a financial perspective, the facility recorded total income of KSh 140,860,569 against total expenditure of KSh 98,320,028, resulting in a surplus of KSh 42,540,541. Revenue was derived primarily from NHIF/SHA reimbursements, user fees, government subventions, and donor support. The financial position reflects prudent resource management, though challenges remain with delayed reimbursements and rising operating costs.

Key challenges during the year included staffing shortages, limited maintenance funding, and increasing demand for services. In response, the facility is pursuing stronger partnerships with government and development stakeholders, while enhancing internal financial controls and exploring opportunities for revenue growth.

Looking ahead, the facility is committed to strengthening preventive health programs, enhancing quality of care, and ensuring sustainable financial performance in support of its mandate to provide accessible, affordable, and quality healthcare services.

Dr. ODUNDO NIADOMU  
.....  
Name  
Secretary to the Board



## 7. Statement of Performance Against Predetermined Objectives

*Ndhiwa Level 4 hospital* has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: **Planning, and administrative support services**

Pillar/theme/issue 2: **Preventive and promotive health services**

Pillar/theme/issue 3: **Curative and rehabilitative health services**

*Ndhiwa Level 4 hospital* develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. *Ndhiwa level 4 hospital* achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

### Annual Performance Targets

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Planning and administrative support services</b>	To ensure efficient and effective well-coordinated health services	No Of health policies developed	Developing Annual work plans.  Conducting performance reviews	One work plan developed  Biannual and annual review conducted
	To increase, develop, retain and motivate health personnel	No. of Annual Work Plans developed		
	To construct, expand, maintain and improve health infrastructure	No. of Strategic plans developed		
	To accelerate scale up of Universal Health Coverage	% of performance reviews conducted		
		% quarterly support supervision conducted		
		% quarterly data quality audits conducted		
		% of Health Information tools printed and distributed		
<b>Preventive and promotive health services</b>	To reduce the burden of preventable diseases and promote healthy lifestyles among communities	% of hospitals supplied with Pharmaceuticals	Supplying the hospital with pharmaceuticals, non-	Ndhiwa level 4 hospital was supplied with medical drugs,
		% of hospitals supplied with Non Pharmaceuticals		

**Ndhiwa Level 4 Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

	<p>To reduce maternal and new-born mortality</p> <p>To increase community health units to cover 100% of the county villages</p> <p>To improve coverage of facilities offering adolescent and youth friendly service</p> <p>To implement a robust and multisectoral approach in preventing and managing Covid 19 pandemic</p>	<p>% of hospitals supplied with Laboratory Reagents</p> <p>% of hospitals supplied with Vaccines and sera</p> <p>% of hospitals supplied with medical equipment</p> <p>% of hospitals supplied with Patient food and rations</p>	<p>pharmaceuticals, laboratory reagents and vaccines</p>	<p>non-pharmaceuticals, laboratory reagents and vaccines</p>
<p><b>Curative, rehabilitative and referral services</b></p>	<p>To provide affordable curative, rehabilitative and referral services</p> <p>To improve access to essential health products and technologies</p>	<p>% of functional ambulances available for referral</p> <p>% of specialized services provided at primary health facilities</p>	<p>Functioning ambulances on referrals.</p>	<p>1 ambulance available for referrals.</p>

## **8. Corporate Governance Statement**

Corporate governance is a central pillar of Ndhiwa Level 4's operations. The Board of Management is committed to upholding high standards of integrity, accountability, and transparency in delivering quality healthcare services to the community. The governance framework is designed to provide strategic oversight, safeguard stakeholder interests, and ensure compliance with all statutory and regulatory requirements.

The appointment of Board members is undertaken in accordance with the relevant statutes and guidelines issued by the appointing authority. Members are nominated based on their professional expertise, integrity, and ability to contribute to the vision of the facility. Formal vetting is conducted before appointments are confirmed. Removal of directors follows due process as provided under the governing laws and the facility's charter. The Board consists of [insert number] members, representing a diverse mix of medical professionals, financial experts, legal practitioners, and community representatives. Gender, age, and professional diversity are taken into account to ensure inclusivity. A formal Board Charter exists to guide governance practices, responsibilities, and decision-making processes.

The Board plays a critical role in providing strategic leadership. Its responsibilities include approving strategic and annual work plans, overseeing financial management, reviewing risk controls, and monitoring the quality of health services delivered. It also ensures compliance with national health policies and statutory obligations. Through these functions, the Board provides direction to management and ensures that resources are utilized efficiently and effectively.

To strengthen governance capacity, all new members undergo induction programs that familiarize them with the mandate of the facility, governance principles, and sector-specific challenges. Continuous training and professional development are provided in areas such as financial oversight, healthcare policy, and risk management. This ensures that members are well equipped to discharge their responsibilities effectively.

The performance of the Board and its members is evaluated annually against key performance indicators, including attendance, participation, and contribution to strategic oversight. These assessments provide a basis for improving governance practices. During the year under review, the Board held two meetings, with overall attendance of 90 %. Attendance records are documented, and members are expected to meet minimum thresholds to remain in good standing.

The facility has in place a succession plan to ensure continuity of leadership at both governance and management levels. The plan emphasizes talent identification, mentorship, and preparation of future leaders in key areas of service delivery and administration. This is essential in sustaining institutional memory and minimizing disruptions in service delivery.

A clear policy on conflict of interest is implemented to safeguard decision-making processes. Members are required to declare any interests at the beginning of each meeting or as they arise, with such declarations formally recorded in the minutes. Members with conflicts are excluded from deliberations and decisions related to the declared interest.

Board remuneration is structured in line with the Salaries and Remuneration Commission guidelines. Members receive sitting allowances and reimbursement for approved expenses, ensuring compensation remains fair, transparent, and compliant with the law. In discharging their duties, the Board upholds high standards of ethics and professional conduct, guided by the Public Officer Ethics

Act, the Leadership and Integrity Act, and the facility's own Code of Conduct. A whistleblowing mechanism is in place to encourage the reporting of unethical practices.

The facility also undertakes governance audits periodically to assess compliance with Mwongozo, the Code of Governance for State Corporations, and other applicable regulations. These audits provide recommendations for strengthening governance structures and accountability. To enhance transparency, the facility has a communication policy in place to guide interactions with stakeholders, including government, staff, patients, and the wider community. The policy ensures timely, accurate, and consistent communication both internally and externally.

To discharge its mandate effectively, the Board operates through specialized committees, each with defined terms of reference. These include the Finance and Audit Committee, which monitors financial performance and risk management; the Human Resource and Governance Committee, which oversees staffing and succession planning; and the Medical Services and Quality Committee, which focuses on patient safety and service delivery standards. Reports from these committees are presented to the full Board for consideration and approval.

Finally, the Board has adopted a policy on related party transactions to ensure that any such dealings are conducted transparently and at arm's length. Full disclosure is made in the financial statements, in line with International Public Sector Accounting Standards (IPSAS) and the facility's internal policies.

In conclusion, the Board of Ndhiwa Level 4 affirms its commitment to sound governance, transparency, and accountability. Through effective leadership, robust policies, and continuous improvement, the facility continues to strengthen its governance structures while fulfilling its mandate of providing accessible, affordable, and high-quality healthcare services to the community.

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

### **Financial performance**

During the financial year 2024-2025 Ndhiwa level 4 hospital registered a total revenue of 140,860,569 which included Ksh 40,236,455 which were donations mainly from KEMSA and MEDS. This resulted to a 158% increase in revenue collected for the year compared to the Fy 2023-2024. This was majorly attributed to increased coverage, NHIF/SHA claims, user fees, government subvention, and donor support. With this increase in total revenue for the year, the hospital reported an increase in Net Surplus for the period from Ksh. 4,367,391 deficit to Ksh. 42,540,541 resulting to a 89% increase in net income reported for the year. Further, the hospital also incurred a total of Ksh. 98,320,028 as operating expense for the year.

### **Clinical/operational performance**

- Bed capacity of the hospital
  - Maternity Beds-24
  - General ward-25
- Overall patient attendance during for the year
  - Outpatient-12,460
  - In-Patient-8,219
- Accident and Emergency attendance -2,358
- Specialised clinic attendance – 17,759
- Average length of stay for in-patient 5 Days
- Bed occupancy rate -10%
- Mortality rate-0.0%
- Sponsorships and partnerships
  - LWALA COMMUNITY
  - AMREF

### **Revenue sources.**

The Revenue streams for the Hospital is mainly FIF, NHIF/SHA rebate and Universal Health Cover.

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

Ndhiwa Sub County 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 Ndhiwa Sub County 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**

Ndhiwa Sub-County Hospital staff are employed and remunerated by the Homabay County Government. With a 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 is 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 is 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, firefighting 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
- Firefighting 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, Ndhiwa Suba County Hospital conducts several clinical outreaches in the community within its catchment area. It offers screening and free medical services.

## 11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

### Principal activities

The principal activities of the entity are:

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

### Results

The results of the entity for the year ended June 30 2025 are set out on pages 1.... to ...38..

### Board of Management

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

### Auditors

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

By Order of the Board

DR. ODUNDO NIGAMU  
.....  
Name

Secretary to the Board



## 12. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the *Ndhiwa level 4* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Ndhiwa level 4 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *Ndhiwa level 4* 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 Board members are of the opinion that the *Ndhiwa level 4* financial statements give a true and fair view of the state of *Ndhiwa level 4* transactions during the financial year ended June 30, 2025, and of the *Ndhiwa level 4* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Ndhiwa level 4 hospital*, which have been relied upon in the preparation of the *Ndhiwa level 4 hospital* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern

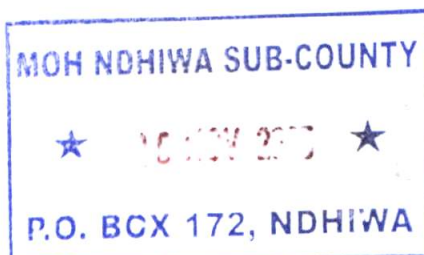
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 30/07/2025 and signed on its behalf by:

DORINE A. JUMA  
Name: DJuma  
Chairperson  
Board of Management

LINET AKINTI KAMBOKA  
Name: [Signature]  
Accounting Officer



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NDHIWA LEVEL 4 HOSPITAL 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.

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Ndhiwa Level 4 Hospital – County Government of Homa Bay set out on pages 1 to 38, which comprise of the

statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ndhiwa Level 4 Hospital – 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 Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012, the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Long Outstanding Receivable from Exchange Transactions**

The statement of financial position disclosed in Note 10 to the financial statement reflects receivables from exchange transactions amounting to Kshs.45,838,301. However, from the opening balance of Kshs.4,951,000, no movement schedule was presented to show recoveries realized, long-term balance aging analysis, disclosure for provisions of doubtful debts, or adjustments made to the reported figure. In addition, the recoverability of Kshs.19,617,550 owing from the defunct National Health Insurance Fund (NHIF) was doubtful.

In the circumstance, the completeness and recoverability of receivable from exchange transactions balance of Kshs.45,838,301 could not be confirmed.

#### **2. Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 7 to the financial statement reflects Kshs.2,565,999 in respect to cash and cash equivalents. Review of the monthly bank reconciliation statements for the month of June 2025 revealed that un-presented cheques totaling to Ksh.4,031,340 included a stale cheque dated 26 October, 2024 to New KCC Worth Ksh.68,400.

In the circumstance, the completeness and accuracy of cash and cash equivalent balance of Kshs.2,565,999 could not be confirmed.

#### **3. Undisclosed Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment of Kshs.2,277,098. However, verification of records revealed that the Hospital has land, buildings, incinerator, furniture & fittings, medical equipment, ICT equipment, Motor

vehicles which were not recorded in the assets register or captured in the financial statements. Further, the Management did not maintain a detailed fixed asset register detailing the types and names of the assets, serial/log book number, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and Net Book value of the assets. In addition, the Hospital did not have title deed for the land said to be donated despite the planned and ongoing structure development the log books for the two vehicles were not availed. The Management also did not provide evidence that the major assets were revalued and records for assets' count and verification carried at regular intervals to confirm existence and condition of the recorded assets.

In the circumstance, the completeness of property plant and equipment balance of Kshs.2,277.098 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amount reflects final receipts budget and actuals on comparable basis of Kshs.140,886,455 and Kshs.140,860,569 resulting in an underfunding of Kshs.25,886. Similarly, the Hospital expenditure amounted to Kshs.99,924,996 against the realized receipt of Kshs.140,860,569 resulting in an underutilization of Ksh.40,935,576 or 29% of the actuals receipts.

In the circumstances, the under-funding and under-utilization may have impacted negatively on services delivery to the public

My opinion is not modified in respect of these matter.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxii, which comprises the Key Entity Information and Management, The Board of Management, Key

Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

Review of revenue records obtained from the Ndhiwa Level 4 Hospital revealed total collection of Kshs.100,624,114 towards the health facilities improvement. Out of this amount, a total of Kshs.59,736,813 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.54,075,813 to the health facilities resulting in a deficit of Kshs.5,661,000 This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

## 2. Non-Compliance with Universal Health Coverage Requirement for Level 4 Hospitals

Review of the Hospital's operations and records revealed that the Hospital operated below the set standards as per the Kenya Quality Assurance Model for Health Checklist for Level 4 hospitals. The following deficiencies in implementation of Universal Health Care programme were observed: -

### 2.1 Inadequate Staffing Requirements

The Hospital did not meet the necessary requirement for staffing as detailed below:

Category	Recommended as per Kenya Quality Model for Health Checklist	In place (No)	Variance
Medical Officers	20	3	17
Anesthesiologists	3	3	0
General Surgeons	3	0	3
Gynecologists	3	0	3
Pediatricians	3	0	3
Radiologists	2	1	1
Kenya Registered Community Health Nurses	151	24	137
<b>Total</b>	<b>185</b>	<b>31</b>	<b>154</b>

### 2.2 Inadequate Level 4 Hospital Equipment

Further, the Hospital lacked or had shortage of the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Equipment	Standard	Observed	Variance
Wards Bed capacity	300	59	241
Functioning ICU	6	0	6
Functioning HDU	6	0	6
Operational Theatres	4	1	3
New Born Unit-Incubators	6	2	4
<b>Total</b>	<b>322</b>	<b>62</b>	<b>260</b>

In addition, the Hospital had only one ambulance whose log book was not provided for audit.

The deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution

of Kenya 2010 may not be achieved. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

In the circumstances, the effectiveness of the medical services offered and the Universal Health Coverage programme could not be confirmed.

### **3. Unlawful Engagement of Casual Labour**

The board of management of the Hospital engaged casuals for 11 months consecutively against the labour law instead of contracting them as they are serving in core areas and also there was no evidence for approval from the County public service Board. However, This was contrary to section B.16(1) of the County Public Service Human Resource Manual, May, 2013, which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007. In the absence of contractual documents on casual engagements, the Hospital may incur legal costs and damages as a result of legal actions by the casuals.

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

### **4. Contract Suspension by the Social Health Authority**

The statement of financial performance disclosed in Note 1 to the financial statement reflects revenue from rendering of services amounting to Kshs.100,624,114, of which Kshs.96,635,654 (96%) relates to revenue from Social Health Authority (SHA)/NHIF claims. However, through a letter reference SHA/CNF/HCP/001/VIL V/130 dated 8 September, 2025, the Social Health Authority (SHA) suspended the contract for provision of healthcare services (REF: CN-65485) between SHA and Ndhiwa Level 4 Hospital. The suspension followed reports of suspected fraudulent claims, including claims for unperformed services and the creation of fictitious claims, thereby breaching Clause 16 of the contract on corrupt and fraudulent practices. The Hospital was barred from providing healthcare services to SHA beneficiaries or transacting with SHA for a period of 90 days, pending completion of investigations. SHA further clarified that it would not be liable for services rendered during the suspension period without its express approval. The suspension of the SHA contract poses a significant risk to the Hospital's revenue base and going concern status, as over 96% of the total income for the year was derived from SHA reimbursements. Prolonged suspension or termination of the contract may adversely affect the hospital's operations, service delivery, and financial sustainability.

In the circumstances, the effectiveness of the Hospital in provision of services to the public could not be confirmed.

### **5. Staff Ethnic Diversity**

During the year under review, the total number of employees was thirty-six (36) and all of them were members of the same/dominant ethnic community in the county. This is

contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

In circumstances, Management was in breach of the law.

## **6. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects Kshs.140,886,455 and Kshs.100,341,683 in respect to approved revenue and expenditure budgets respectively resulting to Kshs.40,544,773 imbalances. The unbalanced budget is contrary to regulation 33 (c) of the Public Finance Management (County Governments) Act, 2015 which states that budget shall be balanced.

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

## **7. Long Outstanding Trade and Other Payables**

The statements of financial position as disclosed in Note 19 to the financial statements reflects trade and other payable balance of Kshs.34,913,148 out of which Ksh.26,688,836 was opening balance at the beginning of the year and had remained unpaid as at 30 June, 2025. Further, ageing Analysis of the trade and other payables was not Provided. No explanation or justification was provided by management for the non-settlement of these obligations. Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack Of Internal Audit Function and Audit Committee**

During the year under review, the audit revealed that the Hospital did not have an internal audit function and the requisite audit charter, work plans and audit reports. Review of the financial reports and other correspondences revealed that the Hospital has not established an internal audit function and an audit committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an audit committee of the Hospital. As such, the Hospital did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the audit committee.

In the circumstances, the effectiveness of the internal audit and audit committee governance assurance could not be confirmed.

### **2. Weak Inventory Management**

Records provided for audit revealed that the hospital has not implemented inventory management software to automate and streamline the record keeping processes. Further, medical store officers use manual bin card to receive, issue and monitor medical stores level. In consideration of the status of the Hospital and the number of stores it handles, the officers are not able to monitor stock utilization, re order levels, monitor aging stock leading to variances in some of the stock items reported in the inventory schedules and bin card. In addition, the inventory management policy is not in place and the management did not carry out quarterly inventory count.

In the circumstance, the effectiveness of inventory management could not be confirmed.

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

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

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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


**09 December, 2025**

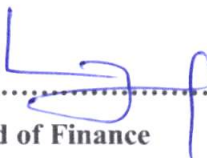
*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Notes	2024/2025	2023/2024
<b>Revenue from Non-Exchange Transactions</b>		Ksh	Ksh
Transfers from the County Government of Homa Bay		-	199,828
In Kind Donations from MEDS and KEMSA	7	40,236,455	13,318,770
<b>Total Revenue from Non-Exchange Transactions</b>		<b>40,236,455</b>	<b>13,518,598</b>
<b>Revenue from Exchange Transactions</b>			
Rendering of Services-Medical Services Income	8	100,624,114	41,018,344
<b>Total Revenue from Exchange Transactions</b>		<b>100,624,114</b>	<b>41,018,344</b>
<b>Total Revenue</b>		<b>140,860,569</b>	<b>54,536,942</b>
<b>Expenses</b>			
Medical/Clinical Costs	9	78,556,300	42,407,754
Employee Costs	10	6,242,586	4,317,816
Board of Management Expenses	11	-	-
Repairs and Maintenance	12	4,268,202	3,772,991
General Expenses	13	8,768,260	8,102,079
Depreciation and Amortization	14	484,680	303,692
<b>Total Expenses</b>		<b>98,320,028</b>	<b>58,904,332</b>
<b>Net Surplus /(Deficit) for the Year 2024/2025</b>		<b>42,540,541</b>	<b>(4,367,391)</b>

The Hospital's financial statements were approved by the Board on 30/07/2025 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
**ICPAK No:**

  
 .....  
**Medical Superintendent**



*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**15. Statement of Financial Position As At 30<sup>th</sup> June 202025**

Description	Notes	2024/2025	2023/2024
		Ksh	Ksh
<b>Current Assets</b>			
Cash and Cash Equivalents	15	2,565,999	47,690
Receivables from Exchange Transactions	16	45,838,301	4,951,000
Inventories	17	2,544,427	2,057,659
<b>Total Current Assets</b>		<b>50,948,728</b>	<b>7,056,349</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	2,277,098	1,156,810
<b>Total Non-Current Assets</b>		<b>2,277,098</b>	<b>1,156,810</b>
<b>Total Assets</b>		<b>53,225,825</b>	<b>8,213,159</b>
<b>Liabilities</b>			
<b>Short Term Liabilities</b>			
Trade and Other Payables	19	34,913,148	26,688,837
<b>Total Short Term Liabilities</b>		<b>34,913,148</b>	<b>26,688,837</b>
<b>Net Assets</b>		<b>18,312,677</b>	<b>(18,475,679)</b>
<b>Represented By</b>			

**Ndhiwa Level 4 Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Capital Fund	20	(13,601,610)	(13,601,610)
General Reserve	20	(5,752,185)	-
Accumulated Surplus/(Deficit)	20	37,666,472	(4,874,069)
<b>Net Assets</b>		<b>18,312,677</b>	<b>(18,475,679)</b>

The Hospital's financial statements were approved by the Board on 30/07/2025 and signed on its behalf by:

*Aluma*

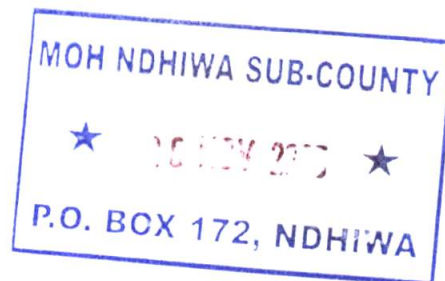
.....  
**Chairman**  
**Board of Management**

*[Signature]*

.....  
**Head of Finance**  
**ICPAK No:**

*[Signature]*

.....  
**Medical Superintendent**



*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Capital Fund	General Reserve	Accumulated Surplus/(Deficit)	Total
	Ksh	Ksh	Ksh	Ksh
As at 1 July 2023	-	-	(506,678)	(506,678)
As at 30 June 2023	(13,601,610)		-	(13,601,610)
Deficit for the year 2023/2024			(4,367,391)	(4,367,391)
<b>As at 30 June 2024</b>	<b>(13,601,610)</b>		<b>(4,874,069)</b>	<b>(18,475,679)</b>
As at 1 July 2024	(13,601,610)		(4,874,069)	(18,475,679)
Surplus for the year 2024/2025			42,540,541	42,540,541
General Reserve		(5,752,185)		(5,752,185)
<b>As at 30 June 2025</b>	<b>(13,601,610)</b>	<b>(5,752,185)</b>	<b>37,666,472</b>	<b>18,312,667</b>

*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

<b>Description</b>	<b>Notes</b>	<b>2024/2025</b>	<b>2023/2024</b>
		Ksh	Ksh
Cash flows from Operating Activities			
Receipts			
Transfer from the County Government		-	199,828
Rendering of Services-Medical Services Receipts		59,736,813	32,582,641
Total Cash Receipts		59,736,813	32,782,469
Cash Payments			
Medical/Clinical Costs		(31,056,050)	(17,092,096)
Employees Costs		(6,086,424)	(4,594,066)
Board of Management Expenses		-	-
Repairs and Maintenance		(4,473,202)	(2,234,475)
General Expenses		(8,684,328)	(6,797,882)
Funds Retained in SPA		(5,661,000)	(1,680,006)
Total Cash Payments		(55,961,004)	(32,398,525)
Net Cash flow from operating activities		3,775,809	383,944
Cash flows from Investing Activities			
Purchase of Assets		(1,257,500)	(533,600)

*Ndhiwa Level 4 Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Net Cash flows from Investing Activities		(1,257,500)	(533,600)
Cash flows from Financing Activities		-	-
Net increase/ (decrease) in cash and cash equivalents		2,518,309	(149,656)
Cash and cash equivalents as at 1 July 2024		47,690	197,346
<b>Cash and cash equivalents as at 30 June 2025</b>		<b>2,565,999</b>	<b>47,690</b>

*Ndhiwa level 4 Hospital (Homabay County Government)*  
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**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025**

Description	Original	Adjustments	Final	Actual on	Performance	% Utilization
	Budget		Budget	Comparable	difference	
				basis		
	A	B	C=(A+B)	D	E=(C-D)	F=D/C%
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Revenue</b>						
Rendering of Services-Medical Services Income	100,650,000		100,650,000	100,624,114	(25,887)	100%
In Kind Donations from MEDS and KEMSA	40,236,455	-	40,236,455	40,236,455	-	100%
<b>Total Income</b>	<b>140,886,455</b>	<b>-</b>	<b>140,886,455</b>	<b>140,860,569</b>	<b>(25,887)</b>	<b>100%</b>
<b>Expenditure</b>						
Medical/ Clinical Costs	78,585,475	-	78,585,475	78,556,300	29,175	100%
Employees Costs	6,300,000	-	6,300,000	6,242,586	57,414	99%
Board Members Allowances	-	-	-	-	-	0%
Repairs and Maintenance	4,288,150	-	4,288,150	4,268,202	19,948	100%
General Expenses	9,048,058	-	9,048,058	8,768,260	279,798	97%
Depreciation and Amortization	500,000	-	500,000	484,680	15,320	97%

*Ndhiwa Level 4 Hospital (Homabay County Government)*  
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Purchases of Fixed Assets	1,620,000		1,620,000	1,604,968	15,032	99%
<b>Total Expenditure</b>	<b>100,341,683</b>	-	<b>100,341,683</b>	<b>99,924,996</b>	<b>416,687</b>	100%
<b>Deficit for the period</b>	<b>40,544,773</b>	-	<b>40,544,773</b>	<b>40,935,573</b>		



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

### **1. General Information**

Ndhiwa Level 4 hospital was established by Kenya Gazzet no. 786 and derives its authority and accountability from Public Finance Management Act 2012. The entity is wholly owned by the Homabay County Government and is domiciled in Homabay County in Kenya. The entity's principal activity is to provide efficient and effective healthcare services to the people of Ndhiwa, within and outside Homabay county.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Ndhiwa level 4 hospital* 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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Ndhiwa level 4 hospital*. The financial statements have been prepared in accordance with the PFM Act 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><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>

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

*iii) Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on *12<sup>th</sup> June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Ndhiwa level 4 hospital* recorded additional appropriations of FY 2024/2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

**q. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**z. Service concession arrangements**

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

**aa. Cash and cash equivalents**

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

**x. Comparative figures**

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

y.           **Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**7. In Kind Donations from MEDS and KEMSA**

	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Total Donations of Drugs from KEMSA	39,801,917	13,043,562
Total Donations of Mosquito Nets from MEDS	434,538	275,207
<b>Total In Kind Donations from MEDS and KEMSA</b>	<b>40,236,455</b>	<b>13,318,770</b>

**8. Rendering of Services-Medical Services Income**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Non Pharmaceuticals	4,568,505	3,852,987
Laboratory Services	5,076,985	3,626,418
Pharmaceuticals Fees	17,826,872	4,456,718
Nutrition Services	11,254,725	2,250,945
Theatre Services	23,906,753	3,197,740
Anaesthesia Services	1,567,510	343,000
Reproductive Health Services	830,212	197,200
Physiotherapy Services	3,252,015	1,445,340
Health Records Services	795,208	170,280
Maternity Services	29,102,850	20,787,750
Other Medical Services	2,442,480	689,966
<b>Total Rendering of Services- Medical Services Income</b>	<b>100,624,114</b>	<b>41,018,344</b>

**9. Medical/Clinical Costs**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	Ksh	Ksh
Laboratory Chemicals and Reagents	3,362,506	1,371,464
Food Rations	12,056,388	8,102,245
Dressing and Non-Pharmaceuticals	7,038,858	5,445,510
Sanitary and Cleaning Materials	982,266	1,118,045
Pharmaceutical Supplies	11,176,057	9,130,067
Pharmaceutical Supplies-Donations from MEDS/KEMSA	39,801,917	13,043,562
Medical Records	3,572,400	3,412,000
Bedding, Linens and Clothing Supplies	-	295,733
Blood Donation Expenses	16,200	33,200
Dental Supplies	-	136,500
Medical Gases	115,170	44,220
Mosquito Nets-Grants and Donations from MEDS	434,538	275,207
<b>Totals</b>	<b>78,556,300</b>	<b>42,407,754</b>

**10. Employees Costs**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	Ksh	Ksh
Salaries and Wages	6,242,586	4,317,816
<b>Totals</b>	<b>6,242,586</b>	<b>4,317,816</b>

**11. Board of Management Expenses**

Description	2024/2025	2023/2024
	Ksh	Ksh
BOM Sitting Allowances	-	-
<b>Totals</b>	-	-

**12. Repairs and Maintenance**

Description	2024/2025	2023/2024
	Ksh	Ksh
Repairs and Maintenance of Motor Vehicles	1,537,600	1,047,318
Repairs and Maintenance of Buildings	2,483,852	1,301,393
Repairs and Maintenance of Computers		-
Repairs and Maintenance of Furniture		13,680
Repairs and Maintenance of Medical Equipment	59,000	-
Repairs and Maintenance of Generator	156,400	-
Repairs and Maintenance of Electrical Works	8,000	640,516
Repairs and Maintenance of Plumbing Works	23,350	770,084
<b>Total</b>	<b>4,268,202</b>	<b>3,772,991</b>

**13. General Expenses**

Description	2024/2025	2023/2024
	Ksh	Ksh
Bank Service Charges	44,508	43,910
Contracted Professional Services	-	218,080
Contracted Security Services	864,000	864,000

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Electricity Expenses	710,402	969,047
Water and Sewerage Expenses	45,000	-
Catering Expenses	-	96,300
Refined Fuel, Oil & Lubricants	4,360,000	3,038,000
Other Fuels-Firewood and Charcoal	773,600	764,000
Telephone and Internet Expenses	48,200	129,360
Post Office Box Rental Expense	18,900	-
Printing and Stationery	1,711,650	1,778,682
General Office Supplies	80,000	123,000
Workshops, Seminars and Conferences	112,000	-
Domestic Travel And Accommodation	-	77,700
<b>Total General Expenses</b>	<b>8,768,260</b>	<b>8,102,079</b>

**14. Depreciation and Amortisation**

	<b>Total</b>
<b>Description</b>	<b>Ksh</b>
Furniture and Fittings	105,234
Plant and Medical Equipment	119,705
Lawn Mower	9,375
IT Equipment	173,438
Cutleries	76,929
<b>Total Depreciation and Amortisation for the year 2024/2025</b>	<b>484,680</b>

**15. Cash and Cash Equivalent as at 30th June 2025**

Description	2024/2025	2023/2024
	Ksh	Ksh
Cooperative Bank Ltd-Account No.01141636116300	2,565,999	47,690
<b>Total</b>	<b>2,565,999</b>	<b>47,690</b>

**16. Receivables from Exchange Transactions as at 30th June 2025**

Description	2024/2025	2023/2024
	Ksh	Ksh
NHIF	19,617,550	4,951,000
SHA	26,220,751	-
<b>Total Receivables from Exchange Transactions</b>	<b>45,838,301</b>	<b>4,951,000</b>

**17. Inventories**

Description	2024/2025	2023/2024
	Ksh	Ksh
Pharmaceuticals Supplies	1,002,195	387,652
Dressing and Non Pharmaceuticals Supplies	882,180	349,027
Food Rations	63,666	58,260
Bedding, Linens and Clothing Supplies	237,150	288,120
Laboratory Chemicals and Reagents	248,536	967,260
Sanitary and Cleaning Materials	110,700	7,340
<b>Total Inventories</b>	<b>2,544,427</b>	<b>2,057,659</b>

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**18. Property, Plant and Equipment**

Description	Furniture and Fittings	Plant and Medical Equipments	Lawn Mower	IT Equipments	Cutlerys	Total
	12.50%	12.50%	25%	25%	33%	
	Ksh	Ksh	Ksh	Ksh	Ksh	<b>Ksh</b>
<b>Net Book Value as at 01.07.2024</b>	<b>426,901</b>	<b>43,641</b>	<b>37,500</b>	<b>567,750</b>	<b>81,018</b>	<b>1,156,810</b>
Additional Assets during the year 2024/2025	414,968	914,000		126,000	150,000	<b>1,604,968</b>
Disposals during the year 2024/2025	-	-		-	-	-
Transfers/Adjustments during the period	-	-		-	-	-
<b>WDV as at 30.06.2024</b>	<b>841,869</b>	<b>957,641</b>	<b>37,500</b>	<b>693,750</b>	<b>231,018</b>	<b>2,761,778</b>
						-
Accumulated Depreciation as at 01.07.2024	91,799	13,359	12,500	428,250	61,182	607,090
Depreciation for the year 2024/2025	105,234	119,705	9,375	173,438	76,929	484,680
<b>Accumulated Depreciation as at 30.06.2025</b>	<b>197,033</b>	<b>133,064</b>	<b>21,875</b>	<b>601,688</b>	<b>138,111</b>	<b>1,091,770</b>
<b>Net Book Value as at 30.06.2025</b>	<b>736,635</b>	<b>837,936</b>	<b>28,125</b>	<b>520,313</b>	<b>154,089</b>	<b>2,277,098</b>
<b>Net Book Value as at 30.06.2024</b>	<b>426,901</b>	<b>43,641</b>	<b>37,500</b>	<b>567,750</b>	<b>81,018</b>	<b>1,156,810</b>

**19. Trade and Other Payables**

<b>Name Of Supplier</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
Total General Suppliers	6,954,824	5,449,859
Total Medical Costs Suppliers	27,356,490	21,238,977
Total Salary Arrears	601,834	-
<b>Total Trade and Other Payables</b>	<b>34,913,148</b>	<b>26,688,836</b>

**20. Statement of Changes in Net Assets for the year ended 30th June 2025**

<b>Description</b>	<b>Capital Fund</b>	<b>General Reserve</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total</b>
	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>
As at 1 July 2023	-	-	(506,678)	(506,678)
As at 30 June 2023	(13,601,610)		-	(13,601,610)
Deficit for the year 2023/2024			(4,367,391)	(4,367,391)
<b>As at 30 June 2024</b>	<b>(13,601,610)</b>		<b>(4,874,069)</b>	<b>(18,475,679)</b>
As at 1 July 2024	(13,601,610)		(4,874,069)	(18,475,679)
Surplus for the year 2024/2025			42,540,541	42,540,541
General Reserve		(5,752,185)		(5,752,185)
<b>As at 30 June 2025</b>	<b>(13,601,610)</b>	<b>(5,752,185)</b>	<b>37,666,472</b>	<b>18,312,677</b>

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

**21. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024	4,951,000	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>				
<b>At 30 June 2025</b>	<b>46,561,660</b>	<b>0</b>	<b>0</b>	<b>0</b>
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>46,561,660</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The entity has no transactional currency exposures as there were no purchases of goods and services that were done in foreign currencies

**Foreign currency sensitivity analysis**

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

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**iv) Capital Risk Management**

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	(2,565,999)	(47,690)
Net debt/ <i>(excess cash and cash equivalents)</i>	(2,565,999)	(47,690)
<b>Gearing</b>	0%	0%

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

**22. Related Party Balances**

**Nature of related party relationships**

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

Homabay County Government is the principal shareholder of Ndhiwa Level 4 Hospital, holding 100% of the *entity's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0

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Description	2024/2025	2023/2024
	Kshs	Kshs
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**23. Segment Information**

*No segmentation to facility during the year under review*

**24. Contingent Liabilities**

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**25. Capital Commitments**

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*There was no capital commitments under the financial year under review*

**26. Events after the Reporting Period**

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

**27. Ultimate and Holding Entity**

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

**28. Currency**

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

**29. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

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

.....  
**Accounting Officer**