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REPORT

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OF

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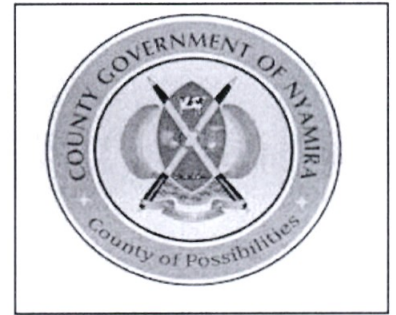
MANGA LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYAMIRA



22



Manga Level 4 HOSPITAL (Nyamira County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OPD	Outpatient Department
PFMA	Public Financial Management Act
MED SUPT	Medical Superintendent
HAO	Health Administrative Officer
HMT	Health Management Team
HMB	Hospital Management Board
TAT	Turnaround Time
FY	Financial Year
RCO	Registered Clinical Officer
SHIF	Social Health Insurance Fund
IPSAS	International Public Sector Accounting Standards
SCMOH	Sub—County Medical Officer of Health
CHMT	County Health Management Team
MOH	Ministry of Health
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.
OSHA	Occupational Health & Safety Act

2. Key Entity Information and Management

(a) Background information

Manga Hospital is a level 4 hospital established under gazette notice number 786 of 4th February 2020 and is domiciled in Nyamira 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 quality, affordable and accessible health care services to the community. The hospital's vision is to be a centre of excellence in health service delivery in the region. The hospital's mission is to promote health and well-being through prevention, diagnosis, treatment and rehabilitation of diseases and injuries.

(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 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr, David Isaac Matimo
2.	Head of Accounting Services	CPA Jeremiah Abuga
3.	Head of supply chain management	Ms. Peres Nyakerario Mose
4.	Accounting Officer - Department of Health Services(Medical Services)	Mr. Andrew Ongere Nyakundi
5.	Director Internal Audit	CPA Ann Nyanchama Ong'era
6.	Treasury Accountant	Mr. Peter Kirioba
7.	Health Administrative Officer	Mr. Jared Gichana
8.	Health Accountant	Mr. Nebart Kigwa

(e) **Fiduciary Oversight Arrangements**

The fiduciary oversight of the county is done by:

i) The County Assembly

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under article 8(1) has fiduciary oversight role over the execution of the functions of the County Government. It approves the budget & expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowing of the County Government in accordance with the constitution of Kenya 2010.

ii) The Controller of Budget

The controller of budget has fiduciary oversight role of the County Government under article 22 (5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that it is authorized by law.

iii) The Executive Committee

The county executive committee exercise authority in accordance with the constitution and county legislation.

iv) Internal Audit Department

The Internal Audit Department of the County Government of Nyamira ensures that the internal control exists and is adhered to. The internal audit reports to the County Audit Committee

Manga Level 4 Hospital (Nyamira County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

- (f) Manga Level IV Hospital Headquarters
P.O Box 434 – 40500
Nyamira Kenya



- (g) Manga Level IV Hospital Contacts
Telephone: (+254) 727058488
E-mail: mangasubcountyhospital@nyamira.go.ke




- (h) Manga Level IV Hospital Bankers
Kenya Commercial Bank
1152782088
Kisii Branch
Kcb Exp- 1331458463
Nyamira Branch





- (i) Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers Institute Way
P.O Box 30084 GPO 00100
Nairobi, Kenya

- (j) County Attorney
Office of the County Attorney
County Government of Nyamira
P.O Box 434 – 40500
Nyamira Kenya.




3. The Board of Management



Ref	Directors	Details
1.	 <p>MR. JONES MOKO OMWENGA EXECUTIVE COMMITTEE MEMBER: FOR FINANCE, ICT AND ECONOMIC PLANNING</p>	<p>Academic Qualifications</p> <p>He has a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p>Professional Experience</p> <p>Prior to his appointment he has served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively in the County Government of Nyamira and Banking sector</p> <p>He hails from Itibo ward, Nyamira county.</p>
2.	 <p>Dr. Donald Mogoi Executive Committee Member of Health Services.</p>	<p>Dr. Donald Mogoi holds a Master of Science in epidemiology, a post graduate Diploma in Project Management & Bachelors in Medicine & Surgery.</p> <p>Professional experience</p> <p>He has 19 years' experience in the public health sector, rising from a medical officer to a district medical officer, a county director health and chief officer health services.</p>

<p>3.</p>	 <p>Mr. Daniel Otero Board Chairperson</p>	<p>Mr. Daniel Otero holds a Diploma in ECDE.</p> <p>Professional Experience</p> <p>He is a teacher by profession & the current chairman of the hospital board; also, he serves as the treasurer West Field SDA Conference-Kemera.</p>
<p>4.</p>	 <p>Alice Bosibori Momanyi Vice Chairperson</p>	<p>Mrs. Alice Bosibori Momanyi holds BA. In PEACE & Conflict Management.</p> <p>Professional Experience</p> <p>Currently serving as the Evangelist & Court Mediator. She is 49 years of age.</p>
<p>5.</p>	 <p>Dr. David Isaac Matimo MOH MANGA SUB COUNTY Medical Superintendent Secretary, Hospital Management Board</p>	<p>Academic Qualifications:</p> <p>He holds a Bachelor's Degree in Pharmacy from The Tamil Nadu Dr. M.G.R. Medical University, India. Has a Certificate in Senior Management Course from KSG and also has a Certificate in Leadership and Governance in Global health.</p> <p>Professional Experience:</p> <p>Was Pharmacist intern Nakuru Provincial Hospital 2011-2012. He served as the Hospital pharmacist Nyamira County Referral Hospital 2012-2015. Has also served as the Sub County Pharmacist- Nyamira North and the Medical Superintendent in Ekerenyo Sub County Hospital.</p>

6.	 <p>Mr. Richard Omuya Makori Board Member</p>	<p>Mr. Richard Omuya Makori holds a Diploma in Science Laboratory from Magwego Technincal Institute</p> <p>Professional Experience</p> <p>Currently working as a record officer in Kitutu Masaba Office. He is 49 years of age.</p>
7.	 <p>Mr. Samuel Abuga Sub-County Administrator- Board Member</p>	<p>Mr : Samuel Abuga holds masters degree in Medical Microbiology, Bachelor of Education Science (Bio/Chem).</p> <p>Professional Experience</p> <p>He has worked for 8 years in Public Service, 4 years as a lecturer in the university & 1 year in Private Sector. Currently, he is serving as a administrator Manga Sub- County.</p>
8.	 <p>Mr. Joash Bosire Board Member</p>	<p>Mt. Joash Bosire holds Bachelors in Nursing/Epidemiology from Great Lakes University of Kisumu.</p> <p>Professional experience</p> <p>Currently he is working at county government of Homabay Tala Health Centre.</p>
9.	 <p>Mr. Bernard Nyaundi Oseko Board Member</p>	<p>Mr. Benard Nyaundi Oseko is a teacher by profession.</p> <p>Professional Experience.</p> <p>He has been a teacher for almost 3 decades. Currently working as a regional coordinator at Manga Heart Africa (NGO).</p>

4. Key Management Team

Ref	Management	Details
1.	 <p data-bbox="389 1021 900 1093">Dr. David Isaac Matimo Hospital Management Board -Secretary</p>	<p data-bbox="1058 797 1366 831">Medical Superintendent</p>
2.	 <p data-bbox="360 1525 930 1592">Mr. Jared Amwoma Gichana He holds Diploma in Business Management</p>	<p data-bbox="1058 1361 1449 1395">Health Administrative Officer</p>
3.	 <p data-bbox="296 1957 995 2024">Dr. Charity Warui Nyakinyua- She holds Bachelors in Pharmacy</p>	<p data-bbox="1058 1785 1337 1818">Pharmacist In Charge</p>

4.	 <p>Mr. Elijah Isaboke Ouko – He holds Diploma in Medical Laboratory Sciences.</p>	Laboratory Coordinator
5.	 <p>Marion Nyang'are Abuga She holds a Diploma in Health Records & Information</p>	Health Record In Charge

5. Chairman's Statement

Manga Level IV Hospital's main mandate is to provide basic health care services, strengthen its provisions in curative, promotive, preventive & rehabilitative health services.

It offers specialized clinical services in various departments, also serves as a research, training centre for medical students and health workers. The future plans for the hospital are to establish 70 bed capacities in order to introduce casualty, emergency and theatre which is already functional.

Manga Level IV Hospital financial statement for 2024/2025 ending 30th June 2025 the statement presents financial performance of the facility in terms of providing affordable health care services which is quality.

OPERATING ENVIRONMENT

Manga Level IV Hospital started on a high operating note in that Facility Improvement Fund Act (FIF) of 2022 whereby, 85% of revenue collected is retained to impact the facility positively in terms of;

- i. Infrastructure improvement
- ii. Clinical services
- iii. Preventive services

The Hospital Management Board & Hospital Management Team is striving to position the facility as the regional facility leading in providing efficient services in health care through mobilization of resources and allocation of the same in line with the status of the hospital (Level IV).

The hospital management board is also seeking to improve and connect the facility with various stake holders both private & public to provide assistance needed to propel the facility to the higher levels.

STRATEGIC DIRECTION

This comes into play through shaping & changing the process that the Board of Management approved to upgrade the hospital into a fully-fledged level IV Hospital. On first track the Board of Management it brings in qualified consultants in jump starting the process of giving the hospital an autonomy towards its operations which is under implementation by the management.

ACHIEVEMENTS

The health management board & health management team has achieved great in terms of revenue generation in the fiscal year 2024/2025 as compared to previous years before FIF was introduced

also infrastructural development like tiling the hospital floor, plumbing and operationalization of linen washing machine.

FUTURE

Looking into the future the Board is fully prepared in upgrading the level of the hospital to a level IVB by continuing to invest in modern technology, infrastructural & specialized human resource to position the hospital as a centre of excellence in health care provision in Nyamira County.

I greatly appreciate the commitment & support of the shareholders, staff, Board & Management to the vision & mission of Manga Level IV Hospital.



.....
Mr. Daniel Otero

Chairperson
Hospital Board of Management

6. Report of The Medical Superintendent

a. Introduction

Manga Sub County Hospital has been existence for more than 50 years having been established in the earlier 90s to provide health care services to the residence of Manga Division in Nyamira District by then. It has grown from a dispensary to the current status of a level 4A serving a population of 10,000 people. As a public hospital, Manga Level IV hospital is governed by the policies and regulations set by both National and County Government departments that are in charge of health services. The main mandate of the facility is to provide curative, preventive, promotion and rehabilitative health care services. It offers specialized clinical services in various departments and serves as a centre for training for medical students and healthcare workers.

b. Revenue

- i) The main source of revenue for the fiscal year ended 30th June 2025 is through FIF and County grants.
- ii) Expenditure - The total expenditure during the period was the mainly consumed by were medical drugs, staff remunerations, non-pharms, and patients' food among others.

c. Strategy

It is aimed at achieving improved client satisfactory, financial sustainability and infrastructure development that boost the modern standards of health.

d. Achievements

Due to introduction of FIF the hospital management and board has realized the improvement in terms of revenue collection which has assisted the hospital to come up with structural face lifts like tiling of hospital floors.

e. Challenges

The hospital is undergoing various challenges ranging from financial constraints, human resource, environmental challenges and infrastructural i.e. poor conditions of buildings, technological growth.

f. Future

Going to the future the hospital board and management is working along the clock to make sure technological infrastructure (HMIS) is in place through collaboration with county government, donors and National government.

g. Appreciation

I take this opportunity to sincerely appreciate the county government, staffs and stakeholders for the great support they have given to the hospital to make this great milestone in achieving the above and looking forward for their continued support in the financial year 2024/2025.

Signed:



Dr. David Isaac Matimo
Medical Superintendent
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government hospital’s performance against predetermined objectives.

The Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2024. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: CLINICAL SERVICE DELIVERY

Pillar/theme/issue 2: FINANCING /HUMAN RESOURCE

Pillar/theme/issue3: QUALITY IMPROVEMENT

MANGA 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. The Hospital achieved its performance targets set for the FY 2024/2025 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:CILINICAL SERVICES	Establish and enhance good clinical services	Drugs in place Updated SOPS Stock out tracer.	<ul style="list-style-type: none"> Rational use of medication Timely clinical audit 	Zero morbidity and mortality reduction. Drugs in place.
Pillar/ theme/ issue 1:FINANCING / HUMAN RESOURCE	Increase revenue generation Improve performance management	Revenue reports Staff appraisals	<ul style="list-style-type: none"> Diversify revenue streams Annual staff appraisals 	Revenue improved compared to previous Staffs appraisals done.
Pillar/theme/issue 3:QUALITY IMPROVEMENT	Enhance continuous quality improvement Enhance customer care service	Training reports Customer care desk	<ul style="list-style-type: none"> Training of staff on key issues affecting the current healthcare environment 	Staff trained Customer care desk introduction.

8. Corporate Governance Statement

Manga Sub County Hospital Board of management is responsible for the corporate governance of the hospital and is accountable to the department of health services of Nyamira County.

The board is in place in ensuring that the hospital complies with the laws and standards of governance and ethics.

(a) Board of Management

It comprises of non-executive members appointed by the governor and they are held accountable and responsible for the efficient and effective governance of the hospital.

Members of the board bring in range of skills and experience to boards discussions. The term is 3 years renewal subject to performance.

Key Roles and Responsibilities of the Board:

- i. Resource mobilization.
- ii. Approve and adopt strategic plans and budget.
- iii. Review performance against approved budget.
- iv. Determine overall policies and processes.

(b) Board meetings

The board as per the annual work plan meets quarterly or additional when necessary to consider matters of overall control of the hospital. The board agenda and work plan are prepared earlier in the year with agendas and circulated within stipulated time lines.

(c) Board Remuneration

They are entitled to allowances

(d) Committee of the Board

The board has four standing committees which meet regularly under the terms of reference set by the Board.

They are as follows:

- Finance committee
- Quality and development committee
- Audit committee
- Resource mobilization

9. Management Discussion and Analysis

The consideration in restructuring an organization is the effective coordination of roles and responsibilities to avoid overlap and clear accountability for the results.

The overall leadership and governance of Manga Sub County Hospital will be vested in the management board while day to day running of the hospital is vested on the medical superintendent.

The Medical superintendent is assisted by HMT members who are heads of departments with defined roles as by the governance framework of the hospital

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The accounting officer should make a broad overview about global political and macroeconomic trends affecting sustainability priorities, e.g. climate change, refer to international sustainability best practices frameworks e.g. Sustainable Development Goals (SDG) and the entity's sustainability priorities and policy framework. Discuss the entity's key achievements, failures and mitigation measures during the reporting period. Provide information on the entity's service delivery charter and procedures on contracts management e.g. proportion of contracts allocated to local suppliers/contractors/ special groups (Youth, Women) and PWD categories.

ii) Environmental performance

Outline clearly the environmental policy guiding the organization and provide evidence of implementation of the policy. Outline successes, shortcomings, and mitigation measures, efforts to manage biodiversity, effective waste management (reduce, reuse, recycle, disposal methods) and efforts to reduce the environmental impact of the organization's products (e.g. automation of systems-paperless offices, reduced use of plastic bottles, provision of bins for segregation of waste in the compound, packaging that is biodegradable, maintaining vehicles to reduce Co2 emissions). Discuss initiatives around climate change (e.g. climate smart technologies- drought resistant crop varieties, eco-toilets, eco jikos, green buildings- designed with automated lightings, open areas with natural lights, solar lighting and heating system)

iii) Employee welfare

Give an account of the policies guiding the hiring process and whether they take into account the gender ratio (male, female, youth) and PWD, whether they take in stakeholder engagements, and how often the policies are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA. Include a review of work-related injuries and evidence of efforts to minimise this.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition-open tendering and respect for competitors or outline how the entity ensures improved service delivery practices (e.g. Service charter information, Service automation-self-service, Anti-corruption-reporting, brand protection mechanism, cashless payment, public sensitization/outreach, etc.)

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services

c) Responsible marketing and advertisement or Responsible engagement with citizens

Outline efforts to maintain ethical marketing practices (e.g. avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers) Or discuss how the entity's efforts in ensuring its outreach and sensitization practices are ethical and responsible (regular media, website briefs, holding consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity)

d) Product stewardship or Awareness Creation

Outline efforts to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the entity safeguards citizens' rights and interests (Providing adequate service information e.g. NHIF, NSSF, application of licenses, ID, Passport, logbook, connection to power, water, right to representation when arrested/ bail, right to peaceful demonstration, dispute resolution and redress, whistle blowers rights, citizen data and privacy protection)

v) Corporate Social Responsibility / Community Engagements

(The report discusses the details of Corporate Social Responsibility (CSR) activities carried out in the reporting period and the impact to the society.) The activities should be limited to the co-mandate of the entity. For example, Kenya Forest Services could report social investments arising from partnering with communities to propagate seedlings and then they buy back, agroforestry where the community is allowed to farm and take care of seedlings or an initiative supporting a community to use energy savings Jikos. Provide evidence of community engagement including charitable giving (cash and material), Corporate Social Investment (e.g. schools, dams, roads, boreholes, health facilities etc.) and other forms of community engagements (e.g. tree planting, free clinics, scholarships and bursaries awarded etc.). Or evidence of public participation, sensitization and civic education (e.g. in Law and by-laws formulation, budget making processes, community consultation on proposed development projects in their areas)

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024 which show the state of the hospital's affairs.

Principal activities

The principal activities of the hospital is provision of healthcare services to the general public.

Results

The results of the hospital for the year ended June 30, 2025 are set out on page 1-5


Board of Management

The members of the Board who served during the year are shown on page VI-VIII

Auditors

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

By Order of the Board



.....
Dr. David Isaac Matimo

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


The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on 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 hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement 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 hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended June 30th 2025, and of the hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:


.....
Daniel Otero
Chairperson
Board of Management


.....
Dr. David Isaac Matimo
Accounting Officer

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MANGA LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NYAMIRA

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 Manga Level 4 Hospital set out on pages 1 to 36, 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

Report of the Auditor-General on Manga Level 4 Hospital for the year ended 30 June, 2025 – County Government of Nyamira

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 Manga Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012, the County Government Act, 2012, the Health Act, 2017.

Basis for Qualified Opinion

1. Lack of Depreciation Policy

The statement of financial performance reflects depreciation and amortization expenses amount of Kshs.3,114,816. However, the amount was not supported by an approved policy on the depreciation of property, plant, and equipment and the amortization of intangible assets. Further, the depreciation rates applied in calculating the expense were not disclosed under the significant accounting policies section of the financial statements.

In addition, the Hospital lacks an Asset Management Policy to guide in the determination of useful lives of assets or outline procedures for the disposal of assets upon expiry of their useful lives.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amount of Kshs.3,114,816 could not be confirmed.

2. Unsupported Property, Plant, and Equipment Balance

The statement of financial position and Note 19 to the financial statements, reflects a balance of Kshs.55,237,143 in respect of property, plant, and equipment. However, management did not maintain a detailed asset register showing the dates of acquisition, cost, supplier, location, unique identification numbers, disposals and other essential details necessary for asset control and maintenance. Further, there were no ownership documents for the assets, including land, buildings, motor vehicles, plant, medical equipment and other assets owned and operated by the Hospital.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant, and equipment balance of Kshs.55,237,143 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Manga 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 Hospital expended Kshs.92,511,336 against actual receipts of Kshs.106,102,899 resulting to under-expenditure of Kshs.13,591,563 or 13% of the actual receipts.

The under-absorption affected the planned activities and programs and may have impacted negatively on services delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements, Report on Lawfulness and Effectiveness in the use of Public Resources and Report on effectiveness of Internal Controls, Risk management and Governance. However, Management has not resolved the issues contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, the Board of Management , Key Management Team, Chairman Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board Management and Statement of Board Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital 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

Irregular Transfer of Facility Improvement Funds

The statement of financial performance reflects general expenses of Kshs.6,318,330, which includes CHMT and primary health care support services of Kshs.88,800 and Kshs.355,200, respectively, as disclosed in Note 15 to the financial statements. The transfer of funds was contrary to section 5(1) of the Facilities Improvement Financing Act No.14 of 2023, which requires Level 1 to 5 health facilities to retain all monies raised or received.

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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weak Information Technology Internal Control Environment

Review of the Information Technology Internal Controls revealed that Management had not developed an IT continuity and disaster recovery plan to prevent business disruption in case of a disaster. Further, an approved IT strategic committee to oversight and formulate policies was not constituted and as such, IT investments and functions may not be directed towards the achievement of the mandate of the Hospital.

In the circumstances, the reliability and effectiveness of the Hospital Information Technology internal controls could not be confirmed.

2. Poor Management of Pharmaceuticals

Physical verification of the hospital's storage facility revealed that the hospital did not have adequate storage space to maintain the quality of the drugs stored, contrary to section 2.4.2 of the Pharmacy and Poisons Board (PPB) Guidelines for good distribution practices for Health Products and Technologies in Kenya. The Guidelines states that storage areas should have sufficient capacity to allow the orderly storage of the various categories of health products and technologies, namely usable products, products in quarantine, released, rejected, returned, or recalled products.

In the circumstances, the internal controls on stores maintenance are weak and do not safeguard quality of the drugs stored.

3. Ineffective Implementation of Universal Health Coverage

(i) Staffing

Review of hospital records and staff establishment revealed that the hospital did not meet the minimum staffing requirements under the KQMH Policy, 2018. The hospital had only 37 staff against a minimum requirement of 186, reflecting a deficit of 149 positions or 80% of the approved establishment.

(ii) Inadequate Infrastructure

The hospital also lacked essential infrastructure and equipment, including a dental unit, CT scan machine, mortuary/cold room and staff quarters for on-duty personnel.

(iii) Bed Capacity

The hospital has a total of 30 bed capacity against the required 150 due to inadequate infrastructure and stalled projects.

The deficiencies contravene First Schedule of the Health Act, 2018 and hinder realization of the right to the highest attainable standard of health as guaranteed under Article 43(1) of the Constitution of Kenya, 2010.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund'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

11 December, 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	992,000
In- kind contributions from the County Government	7	59,841,022	61,350,686
Grants from donors and development partners	8	151,658	4,097,942
Revenue from non-exchange transactions		59,992,680	66,440,626
Revenue from exchange transactions			
Rendering of services - Medical Service Income	9	46,110,219	8,582,440
Revenue from exchange transactions		46,110,219	8,582,440
Total Revenue		106,102,899	75,023,068
Expenses			
Medical/Clinical costs	10	16,812,617	13,143,489
Employee costs	11	59,613,369	59,587,584
Board & Management Expenses	12	145,100	94,500
Depreciation & Amortization Expenses	13	3,114,816	3,247,235
Repairs & Maintenance	14	9,621,920	1,768,500
General Expenses	15	6,318,330	2,632,988
Total Expenses		95,626,152	80,474,296
Net Surplus / (Deficit) for the year		10,476,747	(5,451,228)

The Hospital's financial statements were approved by the Board on 27/08/2025 and signed on its behalf by:

.....
Daniel Otero
Chairman
Board of Management

.....
CPA. Jemimah B. Abuga
Head of Finance
ICPAK No: 12842


.....
Dr. David Isaac Matimo
Medical Superintendent

Manga Level 4 Hospital (Nyamira County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	4,217,130	59,242
Receivables from exchange transactions	17	9,433,676	1,171,000
Inventories	18	161,618	147,605
Total Current Assets		13,812,424	1,377,847
Non-current assets			
Property, plant, and equipment	19	55,237,143	59,117,584
Total Non-current Assets		55,237,143	59,117,584
Total assets (A)		69,049,567	60,495,431
Liabilities			
Current liabilities			
Trade and other payables	20	0	1,922,611
Total Liabilities (B)		0	1,922,611
Net assets (A-B)		69,049,567	58,572,820
Accumulated surplus/Deficit		3,164,301	(7,312,446)
Capital Fund		65,885,266	65,885,266
Net Assets		69,049,567	58,572,820


The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:



Mr. Daniel Otero
 Chairman
 Board of Management



CPA. Jemimah B. Abuga
 Head of Finance
 ICPAK No: 12842



Dr. David Isaac Matimo
 Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	0	(1,861,218)	64,373,641	62,512,423
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	(5,451,228)	1,511,625	(3,939,603)
Capital/Development grants	0	0	0	0
As at June 30, 2024	0	(7,312,446)	65,885,266	58,572,820
At July 1, 2024	0	(7,312,446)	65,885,266	58,572,820
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	10,476,747	-	10,476,747
At June 30, 2025 (current year)	0	3,164,301	65,885,266	69,049,567

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

Description	Note	Insert Current FY 2024 – 2025	Insert Comparative FY 2023 – 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			992,000
Rendering of services- Medical Service Income		36,676,543	7,411,440
Total Receipts		36,676,543	8,403,440
Payments			
Medical/Clinical costs		14,099,261	3,521,575
Employee costs		2,334,045	1,838,260
Board of Management Expenses		145,100	94,500
Repairs and maintenance		9,621,920	1,768,500
General expenses		6,318,329	2,632,988
Total Payments		32,518,655	9,855,823
Net cash flows from operating activities		4,157,888	(1,452,383)
Cash and cash equivalents as at 1 July 2024		59,242	1,511,625
Cash and cash equivalents as at 30 June 2025		4,217,130	59,242

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the County Government	59,841,022	0	59,841,022	59,841,022	0	%
Grants from donors and development partners	151,658	0	151,658	151,658	0	%
Rendering of services- Medical Service Income	7,412,780	40,149,220	47,562,000	46,110,219	1,451,781	97%
Total receipts	67,405,460	40,149,220	107,554,680	106,102,899	1,451,781	99%
Payments						
Medical/Clinical costs	15,559,639	5,276,851	20,836,490	16,812,617	4,023,873	81%
Employee costs	40,822,650	27,875,980	68,698,630	59,613,369	9,085,261	87%
Remuneration of directors	160,000	0	160,000	145,100	14,900	91%
Repairs and maintenance	5,250,880	5,508,420	10,759,300	9,621,920	1,137,380	89%
General expenses	5,612,291	1,487,969	7,100,260	6,318,330	781,930	89%
Total Operational Expenditure paid	67,405,460	40,149,220	107,554,680	92,511,336	15,043,344	

19. Notes to the Financial Statements

1. General Information

Manga Hospital is established by and derives its authority and accountability from PFM Act and FIF Act 2023. The Hospital is wholly owned by the Nyamira County Government and is domiciled in Nyamira County in Kenya. The hospital's principal activity is rendering of medical services to the nearby community.

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 *hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *hospital*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 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 hospital recorded additional appropriations on the FY 2024/2025 budget following the Board's approval. The Hospital'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.

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

e. Property, plant and equipment

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

f. Leases

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

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

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the hospital. 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 hospital, 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.

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 hospital'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 hospital 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 hospital 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 hospital.

l. Provisions

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

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

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

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

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

v. Service concession arrangements

The hospital 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 *hospital* 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 *hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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6. Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023/2024
			KShs	KShs	KShs
Nyamira County Government	0	0	0	0	992,000
Total	0	0	0	0	992,000

7. In Kind Contributions from The County Government

Description	FY 2024 - 2025	FY2023 -2024
	KShs	KShs
Salaries and wages	57,279,324	57,279,324
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,561,698	4,071,362
Total grants in kind	59,841,022	61,350,686

8. Grants From Donors and Development Partners

Description	FY 2024 - 2025	FY 2023 -2024
	KShs	KShs
Medical Supplies (USAID)	151,658	4,097,942
Total grants from development partners	151,658	4,097,942

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Medical Supplies (USAID)	151,658	0	0	151,658	4,097,942
Total	151,658	0	0	151,658	4,097,942

9. Rendering of Services-Medical Service Income

Description	FY 2024 – 2025	FY 2023 - 2024
	Kshs	Kshs
Pharmaceuticals	501,689	668,136
Non-Pharmaceuticals	51,700	77,384
Laboratory	222,040	406,890
Radiology	40,600	6,000
Theatre	0	2,280
Inpatient Services	263,793	163,793
Stitching	28,400	36,940
Medical Records/Cards	222,517	245,550
Files	36,510	26,450
Dental services	2,200	22,700
OPD Services	16,698	22,955
Medical Examination	28,300	45,700
SHA Receivables	9,433,676	5,500
SHA Reimbursements	35,262,096	5,681,162
Total revenue from the rendering of services	46,110,219	8,582,440
Cash Flow Adjustments		
Receivables	9,433,676	1,171,000
Total Cash flow Revenue	36,676,543	7,411,440

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10. Medical/ Clinical Costs

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,283,000	598,000
Food and Ration	2,740,100	1,094,000
Uniform, clothing, and linen	1,285,000	0
Dressing and non-pharmaceuticals	1,984,645	1,757,186
Pharmaceutical supplies	4,581,016	1,390,000
Health information stationery	1,555,000	105,000
Sanitary and cleansing Materials	465,500	30,000
Purchase of Medical gases	30,000	0
X-Ray/Radiology supplies	175,000	0
In Kind Pharmaceuticals	2,713,356	8,169,303
Total medical/ clinical costs	16,812,617	13,143,489
Adjust for cash flow		
Trade payables	0	1,452,611
In Kind Pharmaceuticals	2,713,356	8,169,303
Cash flow total	14,099,261	3,521,575

11. Employee Costs

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Salaries, wages, and allowances/In kind from the county government	57,279,324	57,279,324
Casual wages	2,334,045	2,308,260
Employee Costs	59,613,369	59,587,584
Adjust for cash flow		
Trade payables	0	470,000
In Kind employees	57,279,324	57,279,324
Cash flow total	2,334,045	1,838,260

12. Board of Management Expenses

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Sitting allowance	145,100	94,500
Total	145,100	94,500

13. Depreciation and Amortization Expense

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Property, plant and equipment	3,114,816	3,247,235
Total depreciation and amortization	3,114,816	3,247,235

14. Repairs And Maintenance

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Property- Buildings	5,963,040	598,500
Medical equipment	1,342,000	150,000
Office equipment	0	120,000
Furniture and fittings	1,606,000	359,000
Computers and accessories	471,000	70,000
Motor vehicle expenses	239,880	103,000
Maintenance of civil works	0	368,000
Total repairs and maintenance	9,621,920	1,768,500

15. General Expenses

Description	FY 2024 - 2025	FY 2023 - 2024
	Kshs	Kshs
Advertising and publicity expenses	0	180,000
Bank charges	55,300	85,548
Motivational Packs	766,000	0
Electricity expenses	493,000	280,000
Fuel and Lubricants	930,000	30,500
Travel and accommodation allowance	1,130,600	1,425,000
Printing and stationery	1,779,430	50,000
CHMT support	88,800	89,000
Water and sewerage costs	310,000	0
Telephone and mobile phone services	410,000	0
Primary healthcare support	355,200	672,840
Total General Expenses	6,318,330	2,632,988

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16. Cash And Cash Equivalents

Description	FY2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	4,217,130	59,242
Total cash and cash equivalents	4,217,130	59,242

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

Description		FY 2024 - 2025	FY 2023 - 2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1152782088	4,215,403	59,242
Kenya Commercial bank	1331458463	1,727	0
Sub- total		4,217,130	59,242
Grand total		4,217,130	59,242

17. Receivables From Exchange Transactions

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Medical services receivables	9,433,676	1,171,000
Total receivables	9,433,676	1,171,000

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	0	0	0	0
Between 1- 2 years	9,433,676	100	1,171,000	100
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total (a+b)	9,433,676	100	1,171,000	100

18. Inventories

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Pharmaceutical supplies	112,768	101,440
Food supplies	40,000	46,165
Laboratory Supplies	8,850	0
Total	161,618	147,605

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19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation (%)	0	4	25	12.5	30	12.5			
Cost									
At 1 July 2024	10,821,710	36,864,000	2,250,000	382,813	147,000	7,886,436	0	0	59,117,584
At 30 th Jun 2025	10,821,710	35,389,440	1,687,500	334,961	102,900	6,900,632	0	0	55,237,143
Depreciation and impairment									
At 1 July 2024									
Depreciation for the year	0	1,536,000	750,000	54,688	63,000	843,547	0	0	3,247,235
At 30 June 2025									
Depreciation	0	1,474,560	562,500	47,852	44,100	985,804	0	0	3,114,816
Net book values									
At 30 th Jun 2024	10,821,710	36,864,000	2,250,000	382,813	147,000	7,886,436	0	0	59,117,584
At 30 th Jun 2025	10,821,710	35,389,440	1,687,500	334,961	102,900	6,900,632	0	0	55,237,143

Manga Level 4 Hospital (Nyamira County Government)
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20. Trade and other Payables

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
Trade payables	0		1,922,611	
Total trade and other payables	0		1,922,611	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	0	%	1,922,611	100
Total	0	%	1,922,611	100

21. Cash Generated from Operations

Description	FY 2024 - 2025		FY 2023 - 2024	
	KShs		KShs	
Surplus for the year before tax	10,476,747		5,451,228	
Adjusted for:				
Depreciation	3,114,816		3,247,235	
Working Capital adjustments				
Increase in receivables	(9,433,676)		(1,171,000)	
Increase in payables	0		1,922,611	
Net cash flow from operating activities	4,157,887		(1,452,382)	

22. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	1,171,000	1,171,000	0	0
Bank balances	59,242	0	0	0
Total	1,230,242	1,171,000	0	0
At 30 June 2025				
Receivables from exchange transactions	9,433,676	9,433,676	0	0
Bank balances	4,217,160	0	0	0
Total	13,650,836	13,650,836	0	0

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

(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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	1,922,611	1,922,611
Total	0	0	1,922,611	1,922,611
At 30 June 2025				
Trade payables	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The hospital manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

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.

23. 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.

Nyamira County Government is the principal shareholder of the hospital, holding 100% of the hospital'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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported property, plant and equipment	<ul style="list-style-type: none"> - Management takes note and has adopted depreciation policy based on straight line - Asset register has been done in the prescribed format awaiting full transfer by IGRTC for its completeness 	- Not resolved	- 2 years
2.	Unlawful transfer of funds	<ul style="list-style-type: none"> - The county Government of Nyamira had its own FIF Act of 2022 that regularised the 	- Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		transfers ,however with the introduction of FIF Act 2023 ,the hospital has sinsee stopped the transfers.		
3.	Non compliance with requirements of universal health coverage	- Management takes note of the deficiency in staff levels and provision of services for a level 4 hospital and the county government is committed to continuously recruit and sponsor staffs for other specialized training to bridge this gap	- Not resolved	
4.	Weakness in inventory management	- Management has started the process of coming up with	- Not resolved	2 years

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		inventory stores that is spacious enough and once complete other security features shall be installed		
5.	Lack of internal audit and audit committee	- Management takes note and wish to clarify within the board has been constituted and we no longer depend on the executive audit committee.	- Not Resolved	



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Dr. David Isaac Matimo
Accounting Officer