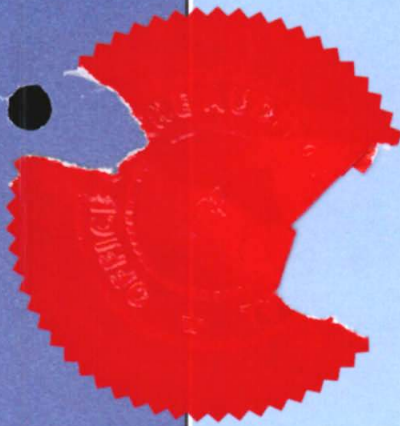
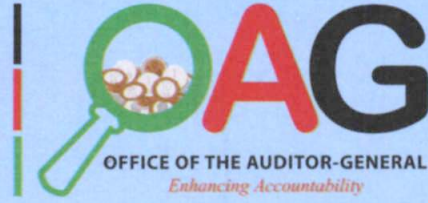


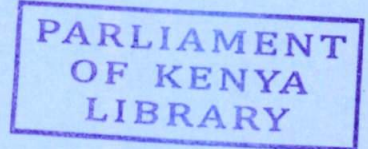
REPUBLIC OF KENYA



REPORT

508

OF



PAPERS LAID	
DATE	25/2/26
TABLED BY	Majority Leader
COMMITTEE	
CLERK AT THE TABLE	Poly Corp.

THE AUDITOR-GENERAL

ON

NYAMARAGA SUB – COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI

2008



25 NOV 2025



**NYAMARAGA SUB COUNTY HOSPITAL
MIGORI COUNTY GOVERNMENT**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	v
4. Key Management Team	vi
5. Chairman’s Statement	vii
6. Report of The Medical Superintendent	ix
7. Statement of Performance Against Predetermined Objectives	xi
8. Corporate Governance Statement.....	xiv
9. Management Discussion and Analysis.....	xvi
10. Environmental And Sustainability Reporting.....	xvii
11. Report of The Board of Management	xix
12. Statement of Board of Management’s Responsibilities.....	xx
13. Report of the Auditor General	xxii
14. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
15. Statement of Financial Position As At 30 th June 2025	2
16. Statement of Changes in Net Asset for The Year Ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	5
19. Notes to the Financial Statements.....	7
20. Appendices.....	33

1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Nyamaraga Sub County hospital established under gazette notice number GK-010399 and is domiciled in Migori County under the Health Medical Service Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The Vision Efficient and cost-effective medical services system for health nation

Mission: To promote and participate in provision of an integrated, quality, curative and rehabilitative services to all Kenyans
 Vision

Key Management

The hospital's management is under the following key organs:
 County department of health-Chief Officer Medical Services
 Medical Superintendent
 Board of Management
 Accountant
 Hospital departmental Heads

(c) 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	Leonard Omweri
2.	Hospital Administrator	Caspal Obiero
3	SCMO	Kenas Odongo
4	Stephen Nyainda	Accountant

(d) Fiduciary Oversight Arrangements

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

Key Entity Information and Management (continued)

- Parliamentary committees
- Other oversight committees

(e) Entity Headquarters

P.O. Box 44-40400,
Suna Migori Kenya

(f) Entity Contacts

Leonard Omweri
Hospital Medical superintendent

(g) Entity Bankers

KCB
A/C No, 1318287251

(h) Independent Auditors








Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

County Attorney





P.O. Box. 202
MIGORI, Kenya

3. The Board of Management

Ref	Directors	Details
1.		Mesup and Board Secretary Name: Leonard Omweri-Secretary Age : 34 yrs. Academic Qualification: Diploma in clinical medicine and surgery
2.		Board Chairperson Name: Thomas Adinda Manuar-Chair Age : 52 yrs Academic Qualification: Diploma in human management Experience: Several years as senior chief
3.		Name: Titus Otieno Osembe-Member Age:30 yrs Academic Qualification: Form 4 Experience: Business man
4.		Name: Rebecca Achieng Otieno-Member Age:33 yrs Academic Qualification: Form 4 Experience: Business lady
5.		Name: Okinyi Alex-Member Age:50 yrs Form 4 Academic Qualification: Diploma in ICT Experience: Several years in ICT
6.		Name: Lucy Achieng-Member Age:31years Academic Qualification: Form 4 Experience: CD teacher
7.		Name: Judith Aoko-Member Age:29 yrs Experience: Business lady

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

4. Key Management Team

Ref	Management	Details
1.	<p>MED SUP – Leonard Omweri</p>  <p>Diploma in clinical medicine and surgery</p>	<p>Work Experience: Has been a Medsup for 8 years</p> <p>Functions and Duties: Co-Ordinate the general Function of the Hospital</p> <ul style="list-style-type: none"> - Clinical, nursing, medical and referral Functions - Procurement and Accounting - Diagnostic Functions - Staff relations and Disciplines <p>Patients Welfare</p> <ul style="list-style-type: none"> - The secretary to the facility board
2.	<p>Laboratory in Charge- Julius Nyabuto</p>  <p>Diploma in Laboratory</p>	<p>Work Experience: More than five years as a Lab Technician</p> <p>Duties and Functions: Ensures smooth running of laboratory services</p>
3.	<p>Hospital administrator</p> 	<p>Work Experience: 10 years in managerial position in the County</p> <p>Functions</p> <ol style="list-style-type: none"> i. Co-ordinate administration issues in conjunction with Med sup ii. Ensuring the working environment is clean iii. In charge of Non-Medical Staff <p>Ensuring that the utility Vehicles and Ambulances are serviced and operational</p>
4.	<p>Pharmacy in charge - Wickliffe Odhiambo</p>  <p>Diploma in Pharmaceutical technology</p>	<p>Work Experience: Has been a Pharm-tech in charge for 6 years.</p> <p>Functions</p> <ul style="list-style-type: none"> -timely ordering of pharmaceuticals and non-pharmaceuticals, storage and appropriate use -controls and manages use of commodities -compile monthly rely commodity report etc

5. Chairman's Statement

Nyamaraga Sub County Hospital possess great potential to the residents of Suna West constituency and Migori County residents as a whole. Over the past years, the hospital as registered a steady growth from a mere dispensary to a now well-furnished hospital with various mix of medical talents capable of handling various emergencies and health related complications. The hospital has a big land which can be used for various projects. The following are some of the basic principles of board of management for Nyamaraga Sub-County Hospital:

- Responsibility for patient care and the overall quality of service in the hospital by demonstrating leadership in determining priorities for the hospital that is consistent with the available resources
- Oversighting for the general operations and management of the hospital
- Representing the community interests in resource allocation and planning with the hospital
- Health promotion agents to the hospital catchments population on behalf of the hospital
- Articulate and represent local community interests on health matters in local development forums
- Stipulate feedback process to the community pertaining to the operations and management of the hospital on a daily run
- Bring together community resources towards the development of health services within the hospital for a better health service

The hospital is strategically located at the heart of the community where it enjoys providing healthcare services to the community. It has no close competitor from the private sector as there is no private hospital within the geographical location of the hospital. Moreover, the facility also enjoys good political stability from the county government which has seen it grow progressively from a dispensary to now a sub-county hospital. Under-staffing has been a major challenge to the hospital but the hospital is working tirelessly with the county government and other partners to help in bridging the staff gap in the facility.

Further, there is a mutual and interactive environment whereby all the patients visiting the hospital are treated with utmost respect, dignity and care. The hospital staff are responsive to emergencies where very critical cases are timely referred to the County Referral Hospital for further management. This prompt action by the medical team has help in solving numerous healthcare related cases in the region.

In order to solve all the health care cases, the hospital is appealing for the below listed projects:

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

Construction of modern X-ray building and equipping it

Posting of more Specialised Medical Officers who deals with various healthcare related issues.

When the above is accomplished, Nyamaraga Sub-County Hospital will be in a position to deal with various health care related complications and to minimize referrals.

In conclusion, Nyamaraga sub-county hospital possesses a greater potential for growth and would encourage various healthcare related partners to consider partnering with the Hospital in order to minimize and bridge the gap that exists in the provision of health care services.



.....
Name: Thomas Manuar

Chairman to the Board

6. Report of The Medical Superintendent

Nyamaraga Sub County Hospital is a health entity located in Suna-West that offers affordable health care services to the community. Therefore, Nyamaraga Sub County falls under the department of medical services which by a greater percentage deal with the curative aspect of health. Since the formation of the hospital, the hospital has registered a gradual growth that has seen its operational capacity expanding from a health centre to a level (IV) facility.

Not forgetting, the hospital does not work in isolation but in collaboration with many stakeholders and partners which not starts major projects in the hospital but also bridge the staffing gaps in the hospital. Hospital board members play a crucial role in overseeing and performing the below listed functions.

- Responsibility for patient care and the overall quality of service in the hospital by demonstrating leadership in determining priorities for the hospital that is consistent with the available resources
- Provision of general oversight for the general operations and management of the hospital
- Representing the community interests in resource allocation and planning with the hospital
- Health promotion agents to the hospital catchments population on behalf of the hospital
- Articulate and represent local community interests on health matters in local development forums
- Facilitate feedback process to the community pertaining to the operations and management of the hospital
- Mobilize community resources towards the development of health services within the hospital.

The hospital possess a greater potential for further development as it has a big land that can accommodate various projects.

For the financial year ended 30th June 2025, the hospital registered total revenue of Ksh. 5,901,779 whereby the hospital received Ksh 3,120,264 from donations and contributions and Ksh 2,781,515 from rendering of medical services as indicated in the statement of financial performance for the

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

year ended 30th June 2025. The good rapport between the patients and the healthcare workers has increased the number of visits to the facility overtime



.....
Name: Leonard Omweri

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 entity's performance against predetermined objectives.

Nyamaraga Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan. These strategic pillars/ themes/ issues are as follows;

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

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

Pillar/theme/issue 3 **Curative, rehabilitative and referral services**

Nyamaraga 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.:

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

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Health Coverage	printed and distributed		
Preventive and promotive health services	<p>To reduce the burden of preventable diseases and promote healthy lifestyles among communities</p> <p>To reduce maternal and new-born mortality</p> <p>To increase community health units to cover 100% of the county villages</p> <p>To improve coverage of facilities offering adolescent and youth friendly service</p> <p>To implement a robust and multisectoral approach in preventing and managing Covid 19 pandemic</p>	<p>% of hospitals supplied with Pharmaceuticals</p> <p>% of hospitals supplied with Non Pharmaceuticals</p> <p>% of hospitals supplied with Laboratory Reagents</p> <p>% of hospitals supplied with Vaccines and sera</p> <p>% of hospitals supplied with medical equipment</p> <p>% of hospitals supplied with X-ray supplies</p> <p>% of hospitals supplied with Patient food and rations</p> <p>% Increase in number of blood units donated</p>	<p>Supplying the hospital with pharmaceuticals, on pharmaceuticals, laboratory reagents, vaccines and x ray supplies</p>	<p>MCRH was supplied with medical drugs non pharmaceuticals, laboratory reagents, vaccines and x ray supplies.</p>
Curative, rehabilitative and referral services	To provide affordable curative, rehabilitative	% of functional ambulances	Functioning ambulances on referrals.	4 ambulances available for referrals.

	and referral services	available for referral		
	To improve access to essential health products and technologies	% of specialized services provided at primary health facilities		

8. Corporate Governance Statement

Nyamaraga Sub County Hospital which is located in Suna-West Constituency in Migori County is committed to provide quality health care to the community and the general public. Nyamaraga work closely with county government and the national government through ministry of health which has facilitated good standards leading to long-term shareholder value and accountability. Through these partnerships, the facility has been able to acquire medical drugs and manage disease outbreak in the community and public in general. During the Financial Year 2024/2025, Board members held quarterly meetings to discuss the performance of the hospital. Hospital management team always meet every time the facility receives fund from Migori Health Services Fundt to discuss and allocate funds to various vote heads depending on the urgency of the matter in line with the hospital meeting.

Consequently, board members training was carried towards the end of the financial year 2024/2025 on various matters pertaining to health and the new health insurance cover that is yet to be adopted by the hospital and how it might affect the operation of the facility. The hospital board are appointed by the Chief Executive Officer- Health who are then gazetted in the Kenyan Gazette. For the new members, a mandatory induction is done to them so that they can be a par with various regulations and operations of health as a sector. The board are entitled to a sitting allowance and various transport and lunch reimbursement anytime they sit.

The Roles and Functions of The Board Members

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

- iv. Mobilize community resources towards the development of health services within the hospital.

Ethics and Conduct of Board Members

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

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

9. Management Discussion and Analysis

Financial performance

Nyamaraga Sub County Hospital registered a total of Ksh. 5,901,779 (Five Million Nine Hundred and One Thousand Seven and Seventy-Nine Only) as the revenue for financial year 2024/2025. This resulted to a Ksh 4,464,939 increase in revenue collected for the year compared to the Fy 2023/2024. This was majorly attributed by increase in rendering of services by Ksh 2,334,675 (Two Million Three Hundred and Thirty-Four Thousand Six Hundred and Seventy-Five Only) and increase in donations by Ksh 3,120,264 (Three Million One Hundred and Twenty Thousand Two Hundred and Sixty-Four Only). The Hospital never got revenue from other government entities.

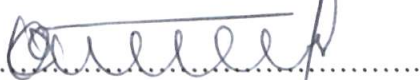
On contrary, the hospital reported an increase in Net Surplus for the period to Ksh. 1,271,651 from Ksh. 798,808 resulting to a Ksh 472,843 increase in net income reported for the year.

Clinical/operational performance

- Nurses 6
- Lab Technician 2
- Drivers 2
- RCO 5
- Bed occupancy rate 42%
- Nutritionist 1
- Newborn Cots
- Resuscitative machine 2
- Labour Ward 2
- Sponsorship and partnerships.8National and Local
 - CHEB,
 - LWALA COMMUNITY NGO 4 International Bodies
 - UNFPA,
 - UNDP,
 - UNICEF,
 - UNO

- Revenue sources.

Facility Improvement Fund (FIF)
Donor Fund



Name: Leonard Omweri
Secretary to the Board

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

The mandate of the facility is to offer curative services to the public, however there are other preventive functions in relation to child, adolescent and women.

ii) Environmental performance

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

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

iii) Employee welfare.

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

iv) Market place practices-

The entity encourages good market practices as outlined below:

a) Responsible competition practice.

Display of Service chatters

Carryout exit visit interviews

Provisions of complaints and suggestion box

b) Responsible Supply chain and supplier relations

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

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



c) Responsible marketing and advertisement

The facility being a public entity endeavours to uphold service to common Mwananchi at all levels. All advertisements are targeting to ensure the public is aware of services being offered or any upcoming donor sponsored surgeries.

d) Product stewardship

Nyamaraga Sub County Hospital endeavours to maintain incinerators for better waste management.

e) Corporate Social Responsibility / Community Engagements

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

11. Report of The Board of Management

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

Principal activities

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

Results

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

Board of Management

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

Auditors

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

By Order of the Board



.....

Name: Leonard Omweri

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 entity, which give a true and fair view of the state of affairs of the Nyamaraga Sub County Hospital at the end of the financial year and its operating results for the period ended 30th June 2025. The Board of Management kept proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members were also responsible for safeguarding the assets of the Nyamaraga Sub County Hospital.

The Board of Management is responsible for the preparation and presentation of the Nyamaraga Sub County Hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (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 Nyamaraga Sub County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Nyamaraga Sub County Hospital financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2025, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

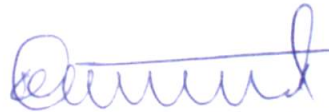
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



.....
Name: Thomas Adinda Manuar
Chairperson
Board of Management



.....
Name: Leonard Omweri
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYAMARAGA SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MIGORI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyamaraga Sub - County Hospital - County Government of Migori set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025, and the statement financial performance, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,270,449 which differs with the re-computed balance of Kshs.2,673,849 (calculated as shown below), resulting in a variance of Kshs.1,403,400 which represents opening balance that was, without explanation, excluded from the reported balance as at 30 June, 2025.

Particulars	Amount (Kshs.)
Receivables Balance as at 30 June, 2024	1,403,400
<i>Add:</i> Rendering of services-medical service income earned in 2024/2025– Statement of financial performance	2,781,515
<i>Less:</i> Rendering of services-medical service income received in 2024/2025 - Statement of cash flows	-1,511,066
Re-Computed Receivables from Exchange Transactions Balance as at 30 June, 2025	2,673,849

Similarly, the statement of financial position reflects nil balance in respect of trade payables which differs with the re-computed balance of Kshs.3,120,264 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.3,120,264:

Particulars	Amount (Kshs.)
Trade Payables Balance as at 30 June, 2024	-
<i>Add:</i> Total expenses incurred in 2024/2025 – Statement of financial performance	4,630,128
<i>Less:</i> Total payments made in 2024/2025 - Statement of cash flows	-1,509,864
Re-Computed Trade Payables as at 30 June, 2025	3,120,264

Further, the statement of comparison of budget and actual amounts reflects medical/clinical costs amount of Kshs.3,733,164 which differs with Kshs.612,900 reported in the statement of cash flows, resulting in an unreconciled variance of Kshs.3,120,264 despite the fact that both statements are prepared on cash basis.

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

2. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position, and as disclosed in Note 17 to the financial statements, reflects nil balance in respect of property, plant and equipment. However, review of the documents provided in support of the balance revealed that the Hospital did not disclose its assets despite being in a possession of various items which is a requirement before registration.

Further, review of hospital records, interview with the staff and physical verification conducted on 27 October, 2025 revealed that various assets including land, buildings, motor vehicle, furniture, computers and equipment were being used by the Hospital but not disclosed in the financial statements. Further, ownership documents of land and the motor vehicle log books were not provided for audit review.

In addition, it was noted that the Hospital did not maintain an updated fixed asset register to control its assets. Essential details and unique identifiers such as asset tags, year of purchase, location and condition were not indicated in the fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy and completeness of the nil balance in respect of property, plant and equipment and the existence and/ or effectiveness of internal controls on the management of property, plant and equipment could not be confirmed. In addition, Management was in breach of the law.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs.5,901,788 and Kshs.4,631,339 respectively, resulting in underfunding of Kshs.1,270,449 or 22% of the budget.

The underfunding affected planned activities and may have negatively impacted service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

S/No.	Financial Year	Audit Issue
1	2023/2024	Identification, Collection and Accounting of Own Generated Revenue.
2	2023/2024	Unconfirmed Transfers from Other Government Entities on National Hospital Insurance Fund (NHIF) Claims
3	2023/2024	Accuracy of Receivables from Exchange Transactions
4	2023/2024	Property, plant and Equipment
5	2023/2024	Non- compliance with Requirements on Universal Health Care (UHC)
6	2023/2024	Lack of Approved Budget
7	2023/2024	Late Gazettement for Board of Management

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of revenue records obtained from the Nyamaraga Sub - County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.2,596,836 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.1,715,686 to the Sub-County Hospital resulting in a deficit of Kshs.881,150. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing Account.

In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the Migori County Health Services Fund was in breach of the law.

2. Non-Compliance with Minimum Required Criteria for Level 4 Hospital

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

Item	Level 4 Standard	No. in Hospital	Variance
Medical officers	20	0	20
Anesthesiologists	3	0	3
General surgeons	3	0	3
Gynecologists	3	0	3
Pediatrics	3	0	3
Radiologists	2	0	2
Kenya Registered Community Health nurses	151	6	145
Total	101	6	179

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

Item	Level 4 Standard	No. in Hospital	Variance
Wards Beds Capacity	300	36	264
Resuscitaire (2 in Labour Ward and one in Theatre)	3	2	1
New Born Unit - Incubators (incubators and Five (5) Cots)	5	1	4
New Born Unit Cots	5	0	5
Functional Intensive Care Unit - Beds	6	0	6
High Dependency Unit - Beds	6	0	6
Renal Unit with at least 5 Dialysis Machines	5	0	5
Two Functional Operating Theaters for Maternity and General.	2	0	2

In addition, the Hospital did not have an incinerator, and the following services required for level 4 hospital as outlined in the Health Policy Guidelines were not offered by the Hospital:

Services Required	Current Position
Surgical Services	No Surgical Services
Pediatric Services	No Pediatrician Services
Gynecological Services	Service Not Offered
Radiology Services	Service Not Offered
Renal Dialysis Services	Service Not Offered
Mortuary and Autopsy Services.	Service Not Offered
Advanced Life Support	Service Not Offered
Caesarian Sections and Surgical Operations	Service Not Offered
Laboratory Services of Lab Class D (5 Acres)	Service Not Offered

The deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Ineffective Audit Committee

Review of records revealed that although the Hospital Board established an audit committee, the Audit Committee held only one meeting on 8 June, 2025 at the Hospital during the year under review, contrary to the provisions of Regulation 179(1) of the Public Finance Management (County Governments) Regulations, 2015.

Further, there was no documentary evidence to indicate that the Committee carried out any annual review of the independence, performance, and competency of the internal audit unit, contrary to the provisions of Regulation 166(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital could not be confirmed.

2. Lack of Internal Audit Function

During the financial year under review, it was observed that the Hospital did not have an Internal Audit department as required by regulation 162(2) of the Public Finance Management (National Government) Regulations, 2015. Although Management provided a letter dated 04 March, 2025 from the Internal Audit Department, Migori County Government, indicating an intention to carry out an audit exercise for the Department of Health Services – Facility Improvement Fund, there were no internal audit reports on the state of risk management, control and governance within the Nyamaraga Sub - County Hospital provided for audit review. In addition, there were no approved Internal Audit workplan and Internal Audit charter for the Hospital.

In the circumstances, the effectiveness of internal controls and risk management in the Hospital could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal controls, risk management and overall governance was maintained 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 overall 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 are in compliance 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 Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


9 December, 2025

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

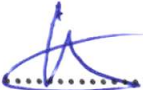
Description	Note	2024-2025	2023-2024
		KShs	KShs
Revenue from non-exchange transactions			
Public Donations and Contributions	6	3,120,264	
		3,120,264	
Revenue from exchange transactions			
Rendering of Services-Medical Service Income	7	2,781,515	446,840
Transfers From Other Government Entities	8	-	990,000
		2,781,515	1,436,840
Total revenue		5,901,779	1,436,840
Expenses			
Medical/Clinical Costs	9	3,733,164	214,300
Board of Management Expenses	10	292,000	160,000
Employee Costs	11	163,637	141,375
Repairs & Maintenance	12	309,200	55,168
General Expenses	13	132,128	67,189
Total expenses		4,630,128	638,032
Surplus for the period		1,271,651	798,808

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

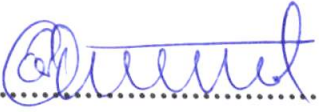


Chairman: Thomas Manuar

Board of Management



Head of Accounts: Stephen Nyainda
 ICPAK No: 3086



Medical Superintendent: Leonard Omweri

Nyamara Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	14	1,211	9
Receivables From Exchange Transaction	15	1,270,449	1,403,400
Inventories	16	1,546,648	143,248
		2,818,308	1,546,657
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Total Assets(A)		2,818,308	1,546,657
Liabilities			
Trade and Other Payable	18	-	-
Total Liabilities(B)		-	-
Net Assets(A-B)		2,818,308	1,546,657
Represented By:			
Accumulated Surplus		2,818,308	1,546,657
Net Assets		2,818,308	1,546,657

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




Chairman:
Thomas Manuar

Board of Management



Head of Accounts:
Stephen Nyainda
 ICPAK No: 21085



Medical Superintendent:
Leonard Omweri

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Accumulated surplus/Deficit	Total
As at July 1, 2023	747,849	
Surplus/(deficit) for the year	798,808	798,808
As at June 30, 2024	1,546,657	1,546,657
At July 1, 2024	1,546,657	1,546,657
Surplus/(deficit) for the year	1,271,651	1,271,651
At June 30, 2025	2,818,308	2,818,308

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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

Description	Note	2024-2025	2023-2024
		KShs	KShs
Cash flows from operating activities			
Revenue from non-exchange transactions			
Rendering of Services-Medical Service Income		1,511,066	637,032
Transfers From Other Government Entities			-
Total Receipts		1,511,066	637,032
Payments			
Medical/Clinical Costs		612,900	214,300
Board of Management Expenses		292,000	160,000
Employee Costs		163,637	141,375
Repairs & Maintenance		309,200	55,168
General Expenses		132,128	67,189
Total Payments		1,509,864	638,032
Cash flows from operating activities	19	1,202	- 1,000
Cashflow from Investing activities			
Purchase of PPE			-
Net increase/(decrease) in cash and cash equivalents		1,202	- 1,000
Cash and cash equivalents at 1 July	14	9	1,009
Cash and cash equivalents at 30 June	14	1,211	9

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 utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	0	9	9	9	0	100%
Revenue						
Public Donations and Contributions	0	3,120,264	3,120,264	3,120,264	0	100%
Rendering of services- Medical Service Income	2,781,515	0	2,781,515	1,511,066	1,270,449	54%
Transfers From Other Government Entities	0	0	0	0	0	0%
Total income	2,781,515	3,120,273	5,901,788	4,631,339	1,270,449	78%
Expenses						
Medical/Clinical costs	1,884,551	3,120,273	5,004,824	3,733,164	1,271,660	75%
Board of Management Expenses	292,000	0	292,000	292,000	0	100%
Employee costs	163,637	0	163,637	163,637	0	100%
Repairs and maintenance	309,200	0	309,200	309,200	0	100%

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

General expenses	132,128	0	132,128	132,128	0	100%
Total Operating Expenses	2,781,515	3,120,273	5,901,788	4,630,128	1,271,660	78%
Capital expenditure	0	0	0	0	0	0%
Surplus for the period	0	0	0	1,211	(1,211)	

NOTE: The hospital registered 54% utilization in rendering of services as there was an outstanding Ksh. 1,270,449 from the health services which the hospital did not receive for the period ended 30th June 2025. This particular figure is reflected in the trade receivable ledger in note 15. Further, the actual expenditure in the budget differs with that in statement of cashflow under medical/clinical costs by Ksh. 3,120,273 which was due to the donation in kind received hence are non-cash items.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	1,211
Closing Cash and Cash Equivalent as per the statement of Cash flows	1,211

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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</p>

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This standard did not have a significant impact on the correctness and completion of the financial statement as the hospital did not have any lease agreement.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This standard did not have a significant effect on the financial statement for the facility.</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard did not have a significant impact on the accuracy and correctness of the financial statement as the hospital did not have heritage assets.</p>

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

Standard	Effective date and impact:
<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>The standard did not have a significant impact on the correctness and completeness of the financial statement and the institution is yet to adopt it.</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>The standard did not have an impact on the correctness and completeness of the financial statement.</p> <p>The entity is yet to adopt the standard hence it did not have a significant impact on the financials presented.</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>

**Nyamara Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The standard did not have a significant impact on the financial statement.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. This standard did not have an impact on the financial statement as the facility is yet to establish a retirement benefit plan.

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

Standard	Effective date and impact
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires:- i. 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: ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the

Standard	Effective date and impact
	results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

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

b. Budget information

The original budget for FY 2024/2025 was approved by Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded no additional appropriations on the FY 2024-2025 budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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

d. Investment property

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

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

e. Property, plant and equipment

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

f. Leases

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

liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g. Intangible assets

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

h. Research and development costs

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

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

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

i. Financial instruments

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

Subsequent measurement

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j. Inventories

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

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

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

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

k. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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.

i. 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.

m. 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.

n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

p. Changes in accounting policies and estimates

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.

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Notes to Financial Statements Continued

6. Public Donations and Contributions

Description	2024-2025	2023-2024
	KShs	KShs
Public donations (KEMSA and MEDS)	3,120,264	-
Total donations and sponsorships	3,120,264	-

7. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Ksh	Ksh
Health Services Fund(FIF)	2,781,515	446,840
Total	2,781,515	446,840

8. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
NHIF, Capitation and Linda mama	-	990,000
Total	-	990,000

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	KShs	KShs
Laboratory chemicals and reagents	126,000	7,000
Food and Ration	146,000	81,450
Pharmaceutical supplies	3,228,764	7,000
Dressing and Non-Pharmaceuticals	35,000	-
Sanitary and cleansing Materials	73,400	39,350
Chemicals and Industrial gases	7,000	4,500
Medical Record	117,000	75,000
Total	3,733,164	214,300

10. Board of Management Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowance	292,000	160,000
Total	292,000	160,000

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

11. Employee costs

Description	2024-2025	2023 - 2024
	KShs	KShs
Temporary Employees	163,637	141,375
Total	163,637	141,375

12. Repairs And Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Property- Buildings	309,200.00	55,168
Furniture and fittings		0
Computers and accessories		0
Total	<u>309,200</u>	<u>55,168</u>

13. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Travel and accommodation allowance	10,000	5,200
Bank charges	20,928	7,989
Printing and stationery	32,200	24,000
Telephone and mobile phone services	15,000	-
Office Tea	54,000	30,000
Total	<u>132,128</u>	<u>67,189</u>

14. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	1,211	9
Total cash and cash equivalents	<u>1,211</u>	<u>9</u>

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

		2024-2025	2023 - 2024
Financial institution	Account number		KShs
a) Current account			

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

Kenya Commercial bank	1318287251	1,211	9
Sub- total		1,211	9
Grand total		1,211	9

15. Receivables From Exchange Transactions

Description	2024-2025	2023 - 2024
	KShs	KShs
Receivable	1,270,449	1,403,400
Total receivables	1,270,449	1,403,400

Analysis of Receivables from Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	1,270,449	100%	990,000	71%
Between 1-2 Years	0		413,400	29%
Total	1,270,449		1,403,400	

16. Inventories

Description	2024-2025	2023-2024
Pharmaceutical and Non pharns supplies	1,546,648	143,248
Total	<u>1,546,648</u>	<u>143,248</u>

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2023 (previous year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	0	0	0	0	0	0	0
At 1 July 2024 (current year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2023 (previous year)		0	0	0	0	0		0
Depreciation for the year		0	0	0	0	0		0
Disposals		0	0	0	0	0		0

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Impairment		0	0	0	0	0		0
At 30 June 2024		0	0	0	0	0	0	0
At July 2024 (current year)		0	0	0	0	0	0	0
Depreciation		0	0	0	0	0		0
Disposals		0	0	0	0	0		0
Impairment		0	0	0	0	0		0
Transfer/adjustment		0	0	0	0	0	0	0
At 30th June 2025		0	0	0	0	0	0	0
Net book values								
At 30th Jun 2024 (previous)	0	0	0	0	0	0	0	0
At 30th Jun 2025 (current)	0	0	0	0	0	0	0	0

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

18. Trade and other Payables

Description	2024-2025	2023-2024
Trade payables	0	0
Employee dues	0	0
Total	0	0

19. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	1,271,651	798,808
Adjusted for:		
Depreciation		0
Non-cash grants received		0
Impairment		0
Gains and losses on disposal of assets		0
Contribution to provisions		0
Contribution to impairment allowance		0
Working Capital adjustments		
Increase in inventory	(1,403,400)	(143,248)
Increase in receivables	132,951	(656,560)
Increase in deferred income		0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	1202	-1,000

20. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits 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

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025 (current year)				
Receivables from exchange transactions	1,270,449	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	1211	0	0	0
Total	1,271,660	0	0	0

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

a) Foreign currency risk

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

Less: cash and bank balances	(1,211)	(9)
Net debt/ (<i>excess cash and cash equivalents</i>)	(1,211)	(9)
Gearing	0%	0%

21. Related Party Balances

Nature of related party relationships

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

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

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

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

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024-2025	2023-2024
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

22. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

23. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
Bank guarantees in favour of subsidiary		0
Total		0

The institution never engaged in the any court case for the financial year under review.

24. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

25. Events after the Reporting Period

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

26. Ultimate and Holding Entity

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

27. Currency

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial performance and as disclosed in Note 7 to the financial statements reflects Kshs.446,840 in respect of rendering of services - medical service income. However, the revenue disclosed was not supported by the detailed revenue schedules, revenue billing reports and invoices indicating the revenue generated from each patient. Further review of the operations at the hospital revealed that the hospital has no revenue collection system in place that is integrated to the different departments</p>	<p>The management noted the auditor's observation and provided revenue schedules for Ksh. 446,840. Further, the hospital is in the process of enrolling TaifaCare health management system which will automate and integrate all the hospital operations.</p>	<p>Resolved</p>	

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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)
	<p>including the laboratory, pharmacy among others. The hospital is using manual system for operations such as receipting of revenue, billing and generating reports and which is prone to errors and manipulation.</p> <p>In the circumstances, the accuracy and completeness of Kshs.446,840 in respect to medical services income during the year under review could not be confirmed.</p>			
	<p>The statement of financial performance and as disclosed in Note 8 to the financial statements is reflecting Kshs.990,000 in respect of transfers from other government entities. These related to claims from NHIF and Linda Mama for the services rendered. However, the revenue was not supported by the detailed records of patients which includes the patient's name,</p>	<p>The management noted the auditors observation and wish to state that the hospital maintains monthly summary of nhif claims submitted while the data of the amount claimed per patient with the reference number could only be accessed through the nhif portal. This portal currently is inactive but going forward, through the new Sha portal, all these information are available</p>	Resolved	

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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)
	<p>reference number, and the amount of each patient. Further, the management did not provide the governing arrangements between the facility and the NHIF and therefore the terms relating to the claims could not be confirmed.</p> <p>In the circumstances, the accuracy, completeness and regularity of Kshs.990,000 during the year under review could not be confirmed.</p>			
	<p>The statement of financial position and as disclosed in Note 17 to the financial statements reflects Kshs.1,058,678 in respect of receivables from exchange transactions. This includes medical services receivables and June revenue from Level 4 facilities. However, detailed breakdown for each class of revenue stream was not provided for audit review. Further, the management did</p>	<p>The management noted the auditor's observation and wish to state that the true receivable for the year is Ksh. 1,058, 678 as provided for in statement of financial position. Further, the management provides trade receivable ledger with aging analysis as at 30th June 2024. Further, the management would like to clarify that these were receivable from exchange transactions, that is, from NHIF. Moreover, the management provides a letter to NHIF that was</p>	Resolved	

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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)
	not confirm the actual dates the receivables have been outstanding, and evidence that the entity had used all means possible to recover its debts or any other strategy to recover the debts. In the circumstances, the accuracy and recoverability of Kshs.1,403,400 receivables balance as at 30 June, 2024 could not be confirmed.	done for the recovery of the outstanding receivable.		
	The statement of financial position and as disclosed in Note 19 to the financial statements reflects nil balance in respect to property, plant and equipment. However, review of documents provided for audit review confirmed that the entity did not disclose its assets despite being in a possession of various asset items including land, buildings, motor vehicle, furniture, computers and	The management noted the auditor's observation and wishes to state that transfer of ownership documents to the facility and the county as a whole is awaiting the Intergovernmental Relation Technical Committee (IGRTC) report that contains all the assets and liabilities inherited from the defunct local authority. Once these assets will be handed over, the management will engage a valuer who will give true values of these assets and thereafter use these value to update the asset register and recognize them in the financial statement.	Not Resolved	

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

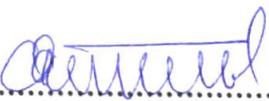
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>equipment which is a requirement before registration. The audit also revealed that the entity does not maintain its asset register and the assets had not been valued hence difficult to establish their value. In the circumstances the accuracy of the nil balance in respect to property plant and equipment balance as at 30 June, 2024 could not be confirmed.</p>	<p>Further, the management wish to state that it has an asset register with no values</p>		
	<p>In the audit report of the previous year, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the prior year audit matters and some of the prior year matters have not been</p>	<p>The management noted the auditor's observation and is committed to continuously resolve the issues as raised in the auditor's report. For instance, the hospital through department of medical services, has received medical staff which has helped in bridging the UHC deficiency gap. Further, the hospital board members were gazette</p>	<p>Partially</p>	

**Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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)
	disclosed in Progress on Follow-up of Auditor Recommendations section of the financial statements.			
	Non-Compliance with Requirements on Universal Health Care (UHC)	The management noted the auditor's observation and wish to state that it relies on the county government to bridge the above-mentioned gaps and at the moment, the hospital received some medical staff from county. This has helped to continuously reduce the above-mentioned deficits.	Partially	
	During the year under review, the hospital operated without a budget, and it is therefore not clear how the hospital incurred expenditures that were not budgeted for and approved. The Management therefore is in contravention of paragraph 24 of the International Public Sector Accounting Standards which states that public sector entities are typically subject to budgetary limits in the form of appropriations or	The management noted the auditor's observation and wishes to state that the budget for the hospital was amalgamated with that of other hospitals whereby the total allocation for all hospitals were Kshs. 145,950,000. Further, the management will provide a line budget for each hospital in the main budget. Find attached budget for your review	Partially	

Nyamaraga Sub County Hospital
Annual Report and Financial Statements for The Year Ended 30th June 2025

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)
	budget authorizations which may be given effect through authorizing legislation			



Accounting Officer