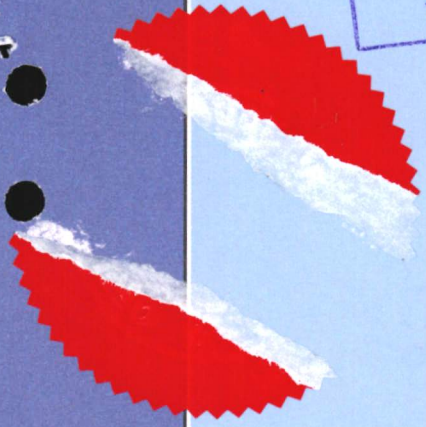
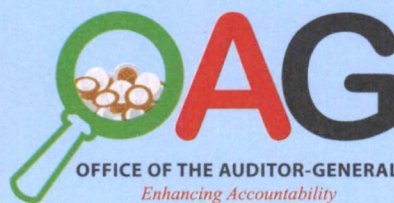


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REPORT

482

OF

THE AUDITOR-GENERAL

ON

SUBA SOUTH SUB - COUNTY HOSPITAL

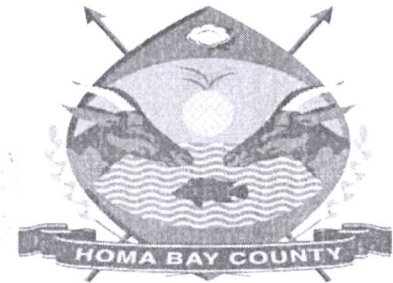
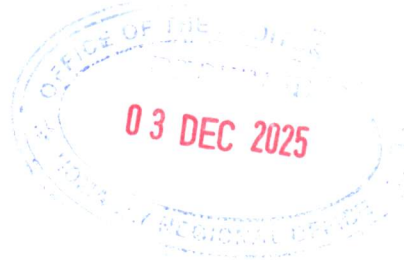
FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

PAPERS LAID	
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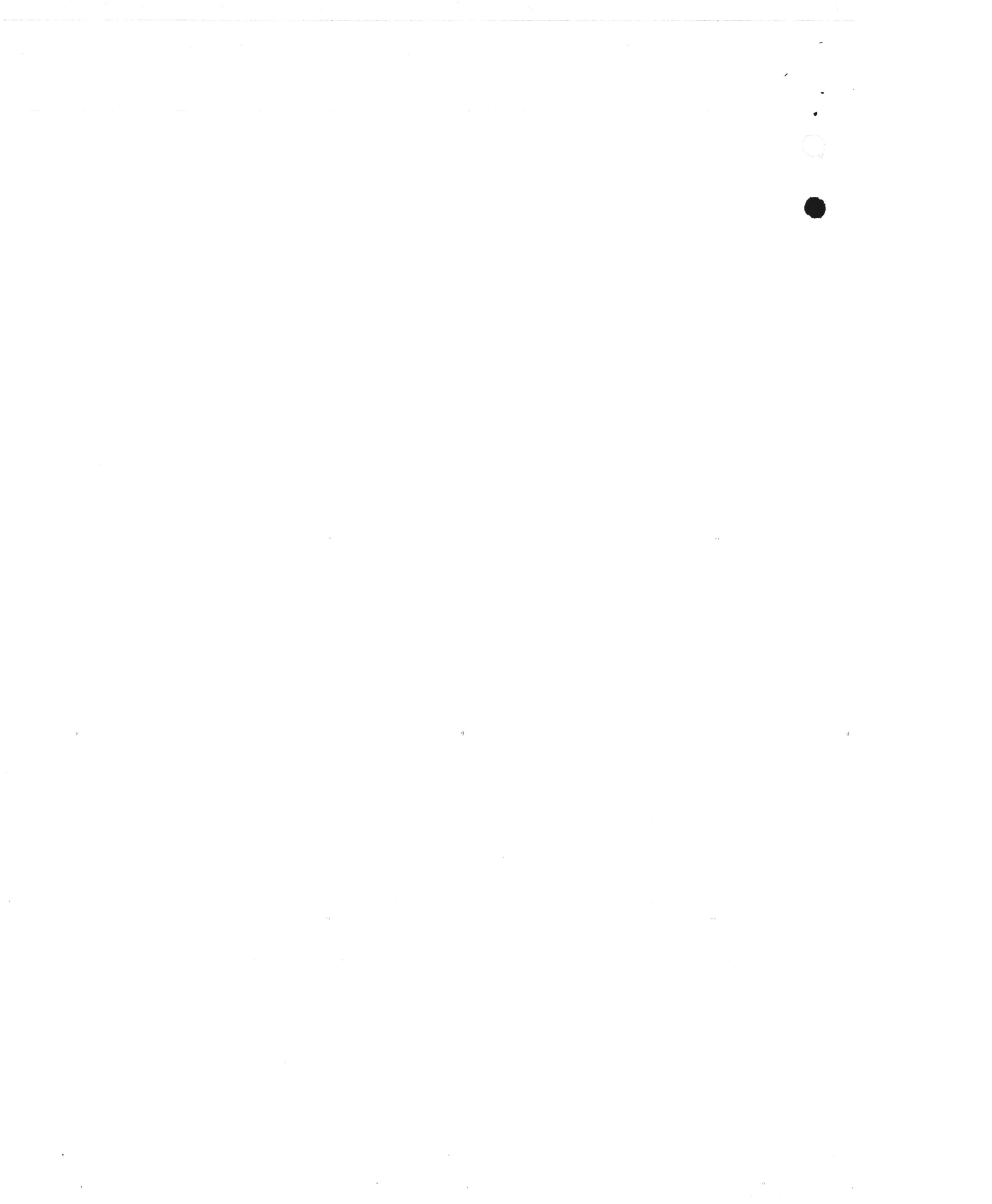


**Suba South Sub County Hospital
(Homa Bay County Government)**

AMENDED 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)



Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
CO	Clinical Officer
PHO	Public Health Officer
HMT	Hospital Management Team
SHA	Social health authority

*Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

2. Key Entity Information and Management

(a) Background information

Suba South Sub County Hospital is a level 4 hospital established under gazette notice number 786 of 4th February 2020 and is domiciled in Homa Bay County under the health Department. The hospital is governed by a Hospital Management Committee.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide efficient and effective health care services to Suba community and any other client within the county and Kenya at large.

(c) Key Management

Suba Sub County Hospital Management is under the following key organs:

- County Homa Bay department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Administrative Officer
- Hospital accountant
- Nursing officer in charge
- Clinical officer in charge
- Heads of departments

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Ray Kajwang
2.	Head Of Finance	Mr. Tobias O. Oketch
3.	Health Administrative Officer	Mr. Oluoch Ogweno
4.	Nursing Officer in charge	Mr. Peter Odipo

(e) Entity Headquarters

P.O. Box 25-40308
Isolated Land
Sindo Town, KENYA

(f) Entity Contacts

Telephone: (+254) 729395433
E-mail: subadhmt@gmail.com

(g) Entity Bankers

Kenya Commercial Bank
Mbita Branch
P.O Box
Mbita, Kenya
Account Number: 1163886289

(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

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(j) County Attorney

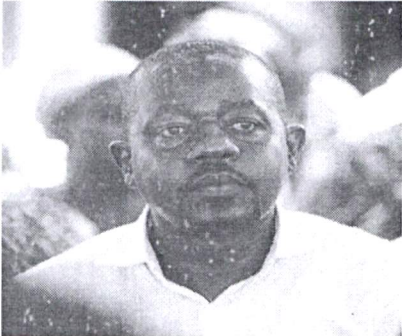



P.O. Box. Xxx
xxx, Kenya

*Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

3. The Board of Management

Ref	Directors	Details
1.	Stephen Maemba Omogo	<ul style="list-style-type: none"> ✓ Board Chairperson ✓ Former Headteacher ✓ Over 10 Years' Experience In Management
2.	Dr. Ray Kajwang	<ul style="list-style-type: none"> ✓ Secretary To the Management Committee ✓ M.B.Ch.B (Uon) 2009 ✓ Senior Position; Medical Superintendent ✓ Management Course (SMC) At K.S.G School ✓ Over 10 Years' Experience
3.	Collins Onani Osure	<ul style="list-style-type: none"> ✓ Member ✓ Representative For CBOs/NGOs
4.	Robinson Magak	<ul style="list-style-type: none"> ✓ Sub County Administrator
5.	Maurice Odumbe	<ul style="list-style-type: none"> ✓ Member ✓ Representative Faith Based Organizations
6.	Eusemia Anyango Dede	<ul style="list-style-type: none"> ✓ Member ✓ Women Representative
7.	Paul Ochieng Otieno	<ul style="list-style-type: none"> ✓ Member ✓ PWD Representative
8.	Wilberforce Muoga	<ul style="list-style-type: none"> ✓ Member, Knowledge in Finance and Administration
9.	Patroba Okenge Ochuba	<ul style="list-style-type: none"> ✓ Member and Beach Manager ✓ Form 4 Certificate

4. Key Management Team

Name	Details of qualifications and experience
<p>1. Dr. Ray Kajwang</p> 	<ul style="list-style-type: none"> - Secretary to the Management Committee, Medical Superintendent - Dip. Community Oral Health; KMTC - M.B.Ch.B; Kampala International University - Certificates in Leadership and Management, Monitoring and Evaluation, Epidemiology, Mental Health, Project Management; University of Washington - Senior Management Course, Program Based Budgeting, Supervisory Skills; Kenya School of Government. - Over 10 years' experience
<p>2. Mr. Oluoch Ogweno</p> 	<ul style="list-style-type: none"> - Position: Health Administrative Officer - MBA in Strategic Management from Tom Mboya University - MPH in Health Systems Management from Maseno University. - BA. Development Studies & IT from Maseno University - Over 10 years in Public Service
<p>3. Mr. Tobias Oketch</p> 	<ul style="list-style-type: none"> - Position: Hospital Accountant - Certified Public Accountants CPA Intermediate Level Complete - CPA Advanced Level on going - Bachelors of Commerce (Finance Option) from Kenyatta University. - Over 6 years in public service.
<p>4. Mr. Peter Odipo</p> 	<ul style="list-style-type: none"> - Position: Nursing Officer In charge - Chief Registered Nurse from KMTC. - Diploma In Nursing - Over 30 years in public service

5. Chairman's Statement

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

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

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

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

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

Signed: _____

Stephen Maemba Omogo

6. Report of The Medical Superintendent

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

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

This report highlights some of the most significant achievements in Suba Sub County Hospital during the fiscal year with milestones such as:

- a) **Availability of Health Commodities for healthcare services:** This has been achieved by ensuring constant Procurement of drugs, Non-pharmaceuticals, Lab Reagents, Sanitary items balanced patient Ration to the patients seeking healthcare services in the hospital.
- b) **Promoted healthy behaviours:** The department has launched several initiatives to promote healthy behaviours in the community, including a campaign to discouraging gender based Violence, VCT Services, effects of alcohol addiction, regular exercise and healthy eating, and providing friendly environment for youth friendly and MAPS service uptake areas within the hospital to encourage them to come to the facility for uptake of the services, to achieve this goal, the hospital has constantly engaged CHVs for mobilization and community dialog and encouraging community to enrol on NHIF.
- c) **Improved maternal and child health:** This is achieved by encouraging mothers through CHVs to take advantage of LINDA MAMA, increase attendance of MCH services and increase of immunization rate. And also renovating maternity ward and paediatric ward.
- d) **Strengthened partnerships:** The Hospital has fostered strong partnerships with partners, and local organization to improve health outcomes and reduce health disparities especially in the area of malaria, HIV and TB control and treatment. and this was achieved by VICTORIA FISH FARM building pit latrine for the hospital and weekly supply of fish to feed patients

Challenges and Mitigation Measures:

- a) Low uptake of health services due to poor health seeking behaviour in community.
- b) Low uptake of SHA insurance in the catchment
- c) Investment towards curative and rehabilitative services at the expense of preventive and primitive services.
- d) Low uptake of ICT (telemedicine) in the Facility coupled with inadequate documentation tools
- e) Inadequate infrastructure and personnel like pharmacist, nurses, medical doctors and lab technologists which affect services deliveries.
- f) Inadequate supervision and on job training, motivation among employees

Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Mitigation Measures:

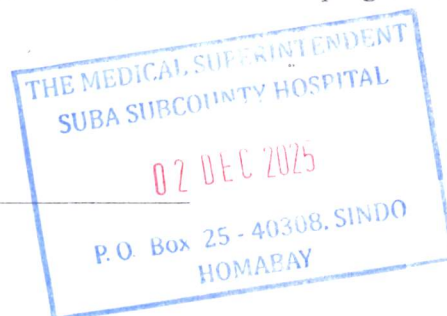
To address these challenges, this budget has outlined the following:

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

I take this opportunity to acknowledge the support of The Homabay County Government, and Development partners. Many thanks to the chairman and Members of the Board for their strategic guidance and support. I wish to also register my appreciation to all stakeholders including our suppliers for supplying goods and services required for patient care and the entire staff for their commitment to providing excellent services to our clients and having played different roles and keeping us focused on our mandate.

Signed: _____

Dr. Ray Kajwang
MEDSUP/Bom Secretary



7. Statement of Performance Against Predetermined Objectives

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

Key Objectives

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

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

Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

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

Programs	Strategic objectives
Administrative Support Services	To provide service delivery and coordination of department-wide functions, Programs and activities
Preventive and Promotive health services	To minimize exposure to health risk and reverse the burden of communicable diseases
Curative and rehabilitative services	To provide essential medical services.

8. Corporate Governance Statement

The Suba Sub- County Board of management have responsibilities, Functions, structures and ethical conduct. in addition to this, their major priority is ensuring excellent service delivery to patients.

Role of the Board

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

9. Management Discussion and Analysis

Clinical performance

During the financial year ending 30th June 2025, Suba sub-County Hospital continued to offer specialized medical care by attending to over 30,901 patients. Outpatient clients being 12,551, inpatient client 1951, deliveries 960 and Maternal child health (MCH) 15,439.

Reproductive Health

A total of 960 deliveries were conducted during the year under review. This is attributed mainly to increased referrals from sub counties and nearby counties, in need of specialized maternity services and the support from the Government of Kenya through the Maternity, Neonatal and Child Health Services provided under SHA, which has allowed mothers to deliver at Suba sub-County Hospital under subsidized cost. Suba sub-County Hospital lauds HE. Excellency the President for the transformation of lives through the success of this noble scheme.

10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

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

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

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we

must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

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

i) Environmental performance

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

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

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

ii) Employee welfare

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

Policy guiding hiring process

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

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

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

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

Efforts made in improving skills and managing careers

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

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

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

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

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

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

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

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

Appraisal and reward system

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

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

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

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

Reward System

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

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

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

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

ii) Market place practices-

Responsible Supply chain and supplier relations

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

iii) Corporate Social Responsibility Statement

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, Suba County Hospital conducts clinical outreaches in the community within its catchment area. It offers cancer/TB screening and Eye Camp.

11. Report of The Board of Management

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

a) Principal activities

The principal activities of the Hospital are:

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


b) Results

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

c) Auditors

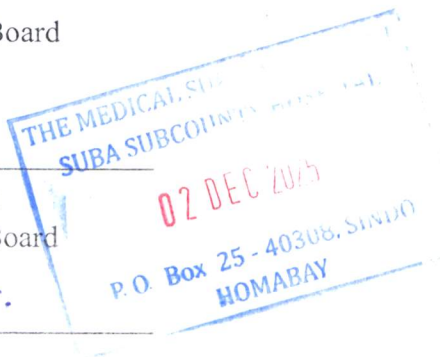
The Auditor General is responsible for the statutory audit of the Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Dr. Ray Kajwang
Secretary to the Board

Date 2/11/25.



12. Statement of Board of Management's Responsibilities

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

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

The Board of Management accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Homabay County Facility Improvement Act, 2023. The board members are of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended 30 June, 2025, and of the Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 21/12/2025 and signed on its behalf by:

Name: Stephen Maemba
Chairperson
Board of Management

Name: DR. RAY
Accounting Officer



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON SUBA SOUTH SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF HOMA BAY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Suba South Sub - County Hospital - County Government of Homa Bay set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Suba South Sub - County Hospital-County Government of Homa Bay as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Non-compliance with the Prescribed Reporting Framework

Review of the financial statement revealed the following non-compliance with the financial reporting template for Level 4 and Level 5 Hospitals provided by the Public Sector Accounting Standards Board in line with the provisions of Section 164(3) of the Public Finance Management Act, 2012:

- i. While signing the financial statements, the Head of Finance did not indicate his or her name and ICPAK number.
- ii. Further, the statement of cash flows does not have a note against net cash flows from operating activities (on cash generated from operations) to reconcile the reported surplus for the year and net cash flow from operating activities.
- iii. In addition, the financial statements do not include budget reconciliation schedule to reconcile the actual surplus amount of Kshs.2,603,542 reflected in the statement of comparison of budget and actual amounts, and closing cash and cash equivalent balance of Kshs.167,840 reported in the statement of cash flows.
- iv. Finally, the financial statements do not include Appendix 1: Progress on Follow Up of Auditor Recommendations as required.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board. Also, Management was in breach of the law.

2. Inaccuracies in the Financial Statement

Review of the financial statements revealed the following inaccuracies:

- i. The statement of financial position reflects net assets (A-B) balance of Kshs.54,107,589 which differs with the net assets balance of Kshs.65,589,090, resulting in an unreconciled variance of Kshs.11,481,501 and an unbalanced statement.
- ii. Further, the statement of financial position reflects accumulated surplus balance of Kshs.8,438,420, while the statement of changes in net assets indicates a corresponding balance of Kshs.5,922,696, resulting in a variance of Kshs.2,498,724 which was not explained.

- iii. Similarly, the statement of financial position reflects capital fund balance of Kshs.57,150,670, while the statement of changes in net assets indicates a corresponding balance of Kshs.71,965,417, resulting in an unreconciled variance of Kshs.14,814,747.
- iv. In addition, the statement of financial position reflects nil comparative balance in respect of accumulated surplus, which differs with the previous year's closing balance of Kshs.15,004,603, resulting in an unreconciled variance of negative Kshs.15,004,603.
- v. Furthermore, the statement reflects trade and other payables balance of Kshs.11,481,501, while re-computation gives a balance of Kshs.13,916,611 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.2,435,110:

Particulars	Amount (Kshs.)
Trade and other payables balance as at 30 June, 2024 - Statement of financial position	3,852,968
Add: Total expenses incurred in 2024/2025– Statement of financial performance	58,502,192
Less: Total payments made in 2024/2025 - Statement of cash flows	-48,438,549
Re-Computed trade and other payables as at 30 June, 2025	13,916,611

- vi. The statement of changes in net assets reflects total balance as at 30 June, 2025 of Kshs.71,965,417 which differs with the re-cast total of Kshs.77,905,113, resulting in an unreconciled variance of Kshs.5,939,696.
- vii. The statement of cash flows reflects total payments amount of Kshs.50,873,659 which differs with the re-cast total of Kshs.48,438,549, resulting in an unreconciled variance of Kshs.2,435,110.
- viii. Further, the statement of cash flows reflects net cash flows from operating activities amount of 2,435,110 which differs with the re-computed amount of Kshs.2,602,950, resulting in a variance of Kshs.167,840.
- ix. Similarly, the statement of cash flows indicates cash and cash equivalents as at 30 June, 2025 balance of Kshs.167,840 which differs with the re-calculated balance of Kshs.2,603,542, resulting in an unreconciled variance of negative Kshs.2,435,702.
- x. In addition, the statement of comparison of budget and actual amounts reflects a budget surplus of Kshs.761,809, contrary to Regulation 31(c) and (e) of the Public Finance Management (County Governments) Regulations, 2025, which states that budget revenue and expenditure appropriations shall be balanced; and that total budget revenue shall cover total budget expenditure.
- xi. Also, the statement of comparison of budget and actual amounts reflects performance difference amount of Kshs.243,380 against total income, which differs with the re-cast difference of Kshs.16,141,901, resulting in an unreconciled variance of negative Kshs.15,898,521.

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

3. Unsupported Repairs and Maintenance Expenses

The statement of financial performance, and as disclosed in Note 11 to the financial statements, reflects repairs and maintenance expenses of Kshs.3,817,625. Included in the amount is Kshs.1,005,090 whose supporting procurement documents such as invitation to tender, evaluation reports, professional opinion were not provided for audit:

Further, the procurements amounting to Kshs.1,023,145 were made in cash, contrary to the provisions of Section 91 of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the accuracy, completeness and propriety of the expenses amount of Kshs.1,005,090 could not be confirmed. Also, Management was in breach of the law.

4. Unsupported Receivables from Exchange Transactions

The statement of financial position, and as disclosed in Note 15 to the financial statements, reflects receivables from exchange transactions balance of Kshs.17,450,213 whose ageing analysis is not provided in the Note as required and whose detailed ageing analysis, ledger and other requisite documents were not provided for audit. Further there was no policy for the provision for bad and doubtful debt. Also, there was no reconciliations for receivables paid and due done in the period under review. Additionally, Management did not provide evidence of any efforts made to recover the outstanding debt.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.17,450,213 could not be confirmed.

5. Long Outstand and Unsupported Trade and Other Payables

The statement of financial position, and as disclosed in Note 18 to the financial statements; reflects trade and other receivables balance of Kshs.11,481,501 whose supporting ledger and detailed ageing analysis were not provided for audit. Further, the balance includes Kshs.1,966,000 that had been outstanding for over one (1) year, contrary to the provisions of Treasury Circular No. 10-2020 of 16 June, 2020; Ref DGIPE/A/1/80 on prioritization of pending bills by state corporations and semi-autonomous government agencies, and Regulation 41 (2) of the Public Finance Management (County Governments) Regulations 2015.

In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs.11,481,501 could not be confirmed. Also, 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 Suba South Sub County Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates Total expenditure budget and actual on comparable basis amounts of Kshs.66,422,183 and Kshs.48,438,549 respectively, resulting in under expenditure of Kshs.17,983,634, or 27% of the budget. Similarly, the Hospital spent Kshs.48,438,549 against actual receipts of Kshs.51,042,091, resulting in underutilization of Kshs.2,603,542.

The under expenditure and underutilization affected the planned activities and may have impacted negatively on service delivery by the Hospital.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

S/No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Employee Cost
2	2023/2024	Budgetary Control and Performance
3	2023/2024	Inaccuracies in the Annual Report and Financial Statements and Non-compliance with the Prescribed Reporting Template
4	2023/2024	Deficiencies in implementation of Universal Health Coverage (UHC)
5	2023/2024	Revenue Not Transferred to The County Revenue Fund (CRF) Account.
6	2023/2024	Weakness in Inventory Management
7	2023/2024	Lack of Asset Register
8	2023/2024	Lack of Audit Committee and Internal Audit Unit
9	2023/2024	Lack of Board of Management.
10	2023/2024	Ineffective Internal Audit Function

Other Information

The Management is responsible for the Other Information set out on page iii to xxi 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 Predetermine Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Report, 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 of the hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of revenue records obtained from the Suba South Sub County Hospital revealed total collection of Kshs.66,172,138 towards the health facilities improvement. Out of this amount, a total of Kshs.41,000,000 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.32,800,000 to the health facilities resulting in a deficit of Kshs.8,200,000 This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2. Non-Maintenance of Updated Fixed Asset Register

The statement of financial position, and as disclosed in Note 17 to the financial statements, reflects property, plant and equipment balance of Kshs.46,021,427.

However, 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.

Also, physical verification revealed that five (5) buildings - 3 blocks of staff houses, outpatient block and administration block - had asbestos roofing against the requirements of the Gazette Notice number 7332 of 5 June, 2025.

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

3. Irregular Engagement of Casuals

Review of the master roll, revealed that there were twelve (12) casuals who were engaged for a whole year being paid Kshs.6,000 per month, contrary to Employment Act, 2007 which defines casual employee as a person the terms of whose engagement provide for his payment at the end of each day and who is not engaged for a longer period than twenty-four hours at a time.

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

4. Non-remittance of Statutory Deduction

The statement of financial performance reflects employee costs amount of Kshs.2,155,220 as disclosed in Note 8 to the financial statement. However, the records provided for audit showed that the Hospital did not deduct and remit SHA and NSSF to the relevant authorities, contrary to the provisions of Section (2) of the NHIF Act, 2018 and Section 27(1)(a) of the Social Health Insurance Act, 2023.

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

5. Non-compliance with Universal Health Coverage (UHC) Requirement for Level 4 Hospitals

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 Coverage programme were observed:

- i. The Hospital did not meet the necessary requirements for staffing outline as shown below:

Staff Requirements	Level 4 Standard	Actual	Variance
Medical officers	16	2	14
Anaesthesiologists	2	2	0
General Surgeons	2	0	2
Paediatricians	2	0	2
Radiologists	2	1	1
Registered nurses	75	20	55
Enrolled Nurses		6	

- ii. The hospital lacked or had shortage of the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Service	Level 4 Standard	Actual	Variance
Resusitaire	3	2	1
New born unit incubators	5	0	5
New born unit cots	5	2	3
ICU beds	6	0	6
Hdu beds	6	0	6
Renal unit with 5 dialysis machines	5	0	5
Functional operation theatres	2	1	1
Beds	150	60	90

The deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya 2010 may not be achieved. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Proper Inventory Records

The statement of financial position reflects Inventories balance Kshs1,949,600 as disclosed in Note 16 to the financial statement. However, audit verification done on 13 November, 2025 revealed that Management did not employ inventory management and control software to assist it meet the objectives of sound supply chain management and easy tracking of inventory levels. Records were manually maintained and some pin cards in the store were not updated. Further it was observed

that the store lacked security surveillance, and the fire extinguishers in place had not been serviced to date.

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

2. Lack of internal Audit Function

The audit review revealed that there was no internal audit function in place in the Hospital. Further, there was no internal audit charter, no audit annual work plan, no audit reports, no Audit Committee reports and minutes of Audit Committee meetings.

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

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

Responsibilities of Management and Board of Management

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

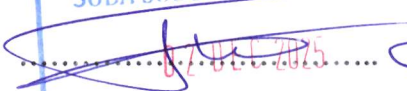
*Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*


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

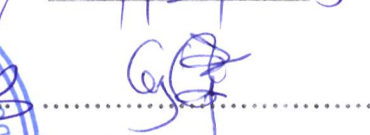
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from exchange transactions			
Rendering of services- Medical Service Income	6	66,940,612	24,606,865
Revenue from exchange transactions		66,940,612	24,606,865
Total revenue		66,940,612	24,606,865
Expenses			
Medical/Clinical costs	7	38,522,498	12,961,398
Employee costs	8	2,155,220	1,900,190
Board of Management Expenses	9	282,500	69,000
Depreciation and amortization expense	10	592,230	478,589
Repairs and maintenance	11	3,817,625	4,083,004
General expenses	12	13,132,119	7,758,475
Total expenses		58,502,192	27,250,656
Net Surplus / (Deficit) for the year		8,438,420	(2,643,791)


(The notes set out on pages 15 to 23 form an integral part of the annual financial statements.)

The Hospital's financial statements were approved by the Board on 21/12/2025 and signed on its behalf by:


 Chairman
 P.O. Box 25 - 40308, SINDO
 Board of Management


 Head of Finance
 ICPAK No:


 Medical Superintendent



Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

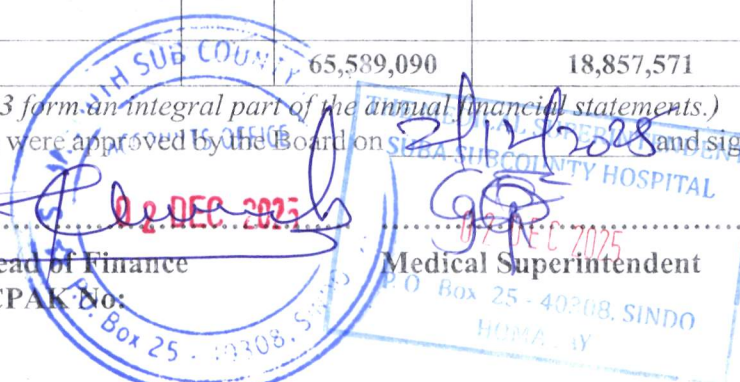
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	167,850	592
Receivables from exchange transactions	15	17,450,213	1,551,100
Inventories	16	1,949,600	2,039,512
Total Current Assets		19,567,663	3,591,204
Non-Current Assets			
Property, plant, and equipment	17	46,021,427	15,266,367
Total Non-current Assets		46,021,427	15,266,367
Total assets (A)		65,589,090	18,857,571
Liabilities			
Current liabilities			
Trade and other payables	18	11,481,501	3,852,968
Total Current Liabilities		11,481,501	3,852,968
Total Liabilities (B)		11,481,501	3,852,968
Net assets (A-B)		54,107,589	15,004,603
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		8,438,420	0
Capital Fund		57,150,670	0
Net Assets		65,589,090	18,857,571

(The notes set out on pages 15 to 23 form an integral part of the annual financial statements.)
 The Hospital's financial statements were approved by the Board on 08 DEC 2025 and signed on its behalf by:

.....
 Chairman
 Board of Management

.....
 Head of Finance
 ICPAK No:

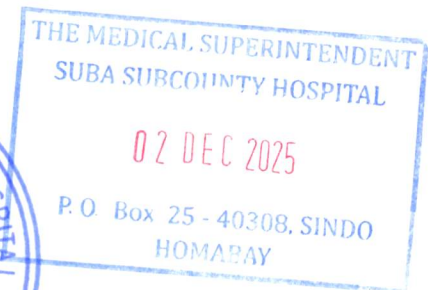
.....
 Medical Superintendent



Suba South Sub County Hospital (Homa Bay County Government)
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	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	-	13,926	13,926
Revaluation gain	-	-	-	-
(deficit) for the year	-	(2,498,724)	-	2,498,724
Capital/Development grants	-	-	16,344,921	16,344,921
As at June 30, 2024	-	(2,498,724)	16,358,847	13,860,123
As at July 1, 2024	-	(2,498,724)	16,358,847	13,860,123
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	8,438,420	-	8,438,420
Capital/development grants	-	-	55,606,570	55,606,570
At June 30, 2025	-	5,922,696	71,965,417	71,965,417



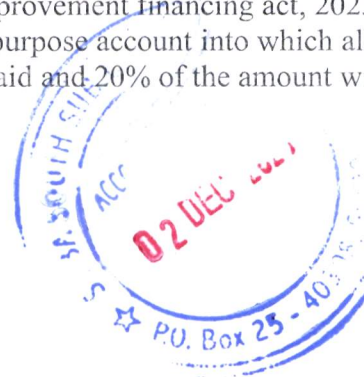
Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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			
Receipts			
Rendering of services- Medical Service Income		51,041,499	23,055,765
Total Receipts		51,041,499	23,055,765
Payments			
Medical/Clinical costs		31,569,947	12,622,010
Employee costs		2,155,220	1,166,190
Board of Management Expenses		282,500	69,000
Repairs and maintenance		1,778,625	1,953,424
General expenses		12,652,257	7,258,475
Total Payments		50,873,659	23,069,099
Net cash flows from operating activities		2,435,110	(13,334)
Cash and cash equivalents as at 1 July 2024	13	592	13,926
Cash and cash equivalents as at 30 June 2025	13	167,840	592

N/B

Kshs 2,435,110 in the Net Cashflows from Operating Activities consist of the 20% withheld as per the Homabay county health facility improvement financing act, 2023, which states that, there shall be opened and operated a special purpose account into which all monies received for the facility improvement financing shall be paid and 20% of the amount withheld.



*Suba South Sub County Hospital (Homa Bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	
Revenue						
Opening balance cash and cash equivalent as at 30 th June 2025	592		592	592		
Rending of services- Medical Service Income	67,183,400	-	67,183,400	51,041,499	16,141,901	76%
Total income	67,183,992	-	67,183,992	51,042,091	243,380	99%
Expenses						
Medical/Clinical costs	42,580,383	-	42,580,383	31,569,947	11,010,436	74%
Employee costs	3,481,800	-	3,481,800	2,155,220	1,326,580	62%
Remuneration of directors	360,000	-	360,000	282,500	77,500	78%
Repairs and maintenance	6,500,000	-	6,500,000	1,778,625	4,711,375	27%
General expenses	13,500,000	-	13,500,000	12,652,257	847,743	94%
Total Payments	66,422,183	-	66,422,183	48,438,549	17,493,772	
Surplus for the period	761,809	-	761,809	2,603,542	4,996,941	87%
Capital expenditure						

Budget notes

1. Non disbursement of NHIF claims from the disbanded NHIF
2. Inadequate disbursement of SHA Claims



19. Notes to the Financial Statements

1. General Information

Suba South Sub County Hospital is established by gazette notice no. 786 and derives its authority and accountability from Public Finance Management Act, 2012, Fif Act, 2023. The entity is wholly owned by the Homa Bay County Government and is domiciled in Homa Bay County in Kenya. The entity's principal activity is offering lifesaving services.

2. Statement of Compliance and Basis of Preparation

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

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

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

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

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Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<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.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

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.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

d. 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.

e. 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.

f. Comparative figures

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

g. 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.

Notes to Financial Statements Continued

6. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,470,575	414,123
Non-Pharmaceuticals	100,115	0
Laboratory	1,124,070	394,860
Outpatient	12,960	23,838
Xray	247,303	117,381
Theatre	77,640	40,177
Health Records	259,456	76,431
Maternity	115,027	35,150
Inpatient	624,855	243,014
ENT & Other clinics	0	45,030
Paediatrics services	0	0
Farewell home services (mortuary)	2,668,817	543,659
Others (dental, physiotherapy, attachment fees)	121,775	7,900
SHA INSURANCE	44,218,906	21,114,202
Accrued Receivables (SHA Insurance)	15,899,113	1,551,100
Total revenue from the rendering of services	66,940,612	24,606,865

Notes to the Financial Statements (Continued)

7. Medical/ Clinical Costs

Description	2024/2025 FY	2023/2025
	Kshs	Kshs
Dental Costs/ Materials	0	134,350
Laboratory Chemicals and Reagents	3,801,826	3,007,488
Public Health Activities	0	89,000
Food And Ration	3,880,670	1,594,930
Physiotherapy	523,395	0
Dressing And Non-Pharmaceuticals	5,724,500	1,594,000
Pharmaceutical Supplies	6,676,997	3,511,142
Purchase Of Medical Equipment's	2,049,950	0
Sanitary And Cleansing Materials	3,195,830	1,990,000
Purchase Of Medical Records	3,390,280	559,500
X-Ray/Radiology Supplies	2,326,500	141,600
Accrued Medical Costs	6,952,550	339,388
Total medical/ clinical costs	38,522,498	12,961,398

8. Employee Costs

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Salaries, wages, and allowances	2,155,220	1,127,390
Contributions to pension schemes (NSSF)	0	22,800
Staff medical expenses and Insurance cover	0	16,000
Accrued employee costs	0	734,000
Employee costs	2,155,220	1,900,190

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

9. Board of Management Expenses

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Sitting allowance	282,500	69,000
Total	282,500	69,000

10. Depreciation and Amortization Expense

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Property, plant and equipment	592,230	478,589
Total depreciation and amortization	592,230	478,589

11. Repairs And Maintenance

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Property- Buildings	991,645	1,297,500
Medical equipment	313,300	515,400
Motor vehicle expenses	473,680	140,524
Accrued costs	2,039,000	2,129,580
Total repairs and maintenance	3,817,625	4,083,004

Notes to the Financial Statements (Continued)

12. General Expenses

Description	Insert Current FY	insert Comparative FY
	Kshs	Kshs
Advertising and publicity expenses	20,000	0
Catering expenses	176,000	0
Insecticides and rodenticides	0	0
Bank charges	69,711	92,532
Contracted services	500,000	450,000
Electricity expenses	1,496,779	910,000
Fuel and Lubricants	1,787,000	840,000
Travel and accommodation allowance	1,392,800	771,500
General office operations	2,375,931	1,149,000
Household and institutional appliances	1,076,000	0
Stationery and office supply	3,173,886	0
Telephone and mobile phone services	335,550	89,000
Internet expenses	248,600	0
Other fuel charcoal	0	107,443
Accrued Expenses	549,573	500,000
Total General Expenses	13,201,830	4,909,475

13. Cash And Cash Equivalents

Description	2024/2025 FY	2023/2024 FY
	KShs	KShs
Current accounts	167,850	592
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Total cash and cash equivalents	167,850	592

14. Detailed Analysis of Cash and Cash Equivalents

Description		2024/2025 FY	2023/2025 FY
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1163886289	167,850	592
Grand total		167,850	592

Notes to the Financial Statements (Continued)

15. Receivables From Exchange Transactions

Description	2024/2025FY	2023/2024 FY
	KShs	KShs
Medical services receivables (SHA)	15,899,113	1,551,100
NHIF Receivables	1,551,100	0
Total receivables	17,450,213	1,551,100

16. Inventories

Description	2024/2025 FY	2023/2024 FY
	KShs	KShs
Pharmaceutical supplies	450,000	850,000
Dressing and non-pharmaceuticals	780,000	324,400
Food supplies	230,000	234,000
Lab materials supplies & small equipment	384,000	500,890
Cleaning materials supplies	56,700	0
General supplies	48,900	130,222
Less: provision for impairment of stocks	0	0
Total	1,949,600	2,039,512

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Cost							
	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
At 1 July 2023 (previous year)	6,300,000	3,539,537	2,380,000	722,812	448,500	1,880,000	-	15,270,849
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th Jun 2024	6,300,000	3,539,537	2,380,000	722,812	448,500	1,880,000	-	15,270,849
At 1 July 2024 (current year)	6,300,000	3,539,537	2,380,000	722,812	448,500	1,880,000	-	15,270,849
Additions	-	-	1,500,000	-	150,000	4,180,000	-	5,830,000
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	1,200,000	25,000,000	-	-	-	-	-	26,200,000
At 30 th Jun 2025	7,500,000	28,539,537	3,880,000	722,812	598,500	6,060,000	-	47,300,849
Depreciation and impairment								
At 1 July 2023 (previous year)	6,300,000	3,539,537	2,380,000	722,812	448,500	1,880,000	-	15,270,849
Depreciation for the year	-	70,791	297,500	90,352	134,550	94,000	-	687,192
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	1,200,000	25,000,000	-	-	-	-	-	26,200,000
At 30 th June 2025	7,500,000	28,339,371	3,322,186	553,403	369,765	5,876,700	-	46,021,427
Net book values								
At 30 th Jun 2024 (previous)	6,300,000	3,468,746	2,082,500	632,460	313,950	1,786,000	-	14,583,657
At 30 th Jun 2025 (current)	7,500,000	28,339,371	3,322,186	553,403	369,765	5,876,700	-	46,021,427

N/B: The hospital assets had been valued by a committee approved by the MEDSUP as was advised by the county Treasury and did not involve a professional valuer on valuation of its assets because the county government is yet to engage a professional valuer through the ministry of public works. The figures therefore are not very accurate.

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Notes to the Financial Statements (Continued)

18. Trade and other Payables

Description	2024/2025 FY		2023/2024 FY	
	KShs		KShs	
Trade payables	11,481,501		3,118,968	
Employee dues	0		654,240	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	0		79,760	
Total trade and other payables	11,481,501		3,852,968	
Ageing analysis:	Current FY	% of the Total	2023/2024 FY	% of the total
Under one year	9,515,501	79%	3,852,968	100%
1-2 years	1,966,000	21%	0	21%
Total	11,481,501	100%	3,852,968	100%

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

19. 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.

Homa Bay County Government is the principal shareholder of the hospital, holding 100% of the *hospital's* equity interest. The related parties include:

- i) The parent ministry health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of management

20. Events after the Reporting Period

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

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21. **Ultimate and Holding Entity**

The hospital is a County Government Corporation under the Ministry Of Health Services, Homa Bay County and is a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Homa Bay.

22. **Currency**

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

