

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

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NYANGENA LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYAMIRA

99



Nyangena Level 4 HOSPITAL
(Nyamira County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

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

Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management Team.....	ix
5. Chairman’s Statement.....	xi
6. Report of The Medical Superintendent.....	xii
7. Statement of Performance Against Predetermined Objectives.....	xiii
8. Corporate Governance Statement.....	xiv
9. Management Discussion and Analysis.....	xv
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 Independent Auditor (OFFICE OF AUDITOR GENERAL).....	xxi
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 Assets 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.....	6
20. Appendices.....	30

1. Acronyms & Glossary of Terms

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

2. Key Hospital Information and Management

(a) Background information

Nyangena Sub county Hospital is a level 4 hospital established under gazette notice number 786 of 4th February of 2020 and is domiciled in Nyamira County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to ...

Provide quality, affordable and accessible health care services to the community.

The hospital mission is to be a center of excellence in providing health care services within and the entire region.

The mission of the hospital is also promoting health through preventative, diagnoses, treatment and rehabilitation of patients by doing the following

- Control of infection, prevention of diseases.
- Medical outpatient, curative services like clinics.
- Integrated child immunization.
- Strengthen health system and infrastructure.

(c) Key Management

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

- County department of health - the department is the one in-charge of the hospital through learning, budgeting, monitoring and evaluation of health services. It provides, technical support, supervision and guidance.
- Board of Management is the governing body of the hospital which is responsible of setting policies, goals, strategies and objectives for the hospital and ensures accountability, transparency and good governance.
- Accounting Officer/ Medical Superintendent is the head of the hospital who is responsible for planning and co-ordination of hospital activities. Also, oversees the clinical, financial and human resource activities.
- Management- it consists head of department who are responsible for planning, organizing, controlling the functions done, at their various departments.
- Others- the hospital also has other key staffs, such as; doctors, clinical officers, nurses, human resource officers, HRIOs Radiographer, HAOs, Social Workers etc.

(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. WYCLIFFE TEYA ONSOTI
2.	Head of finance	MR. ANDREW ONGERE
3.	Head of supply chain	MS. PERIS NYAKERARIO
4.	Health Administrative Officer	MR. PATRICK MOBEGI
5.	Nursing Officer In Charge	MR. LUCAS AMISI
6.	Director internal audit	CPA ANN NYANCHAMA
7.	Treasury Accountant	PETER KIRIOBA NYANUMBA



(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee –It is responsible in overseeing the quality and standards of clinical research in the health sector are practised, the committee also ensure compliance with national and international guidelines on clinical search and standards.
- Audit committee –it oversees the financial management and accountability by approving financial budget, audit reports and internal control systems of institutions it also ensures compliance with PFM act 2012 and public audit act 2015, PPD act 2005 and other relevant laws.
- Risk Committee-it oversees the identification, assessment, mitigation and monitoring of risks in health .it is responsible in implementing policies, strategies, and plans for the health institution in terms of risks.
- County Assembly -it arm of the county government that oversees expenditures, enacting county laws, approving county plans and budgets and holding county executive accountable.
- Parliamentary committees-they are national assembly committees that oversees the national functions of health sector. National expenditure, revenue, budgets and approvals are authorised by search committees.
- Other oversight committees-these are committees established by national assembly dealing with matters relating to health policy.
- Other oversight committee





Key Hospital Information and Management (continued)




- a) **Nyangena Level 4 hospital Headquarters**
P.O. Box 3-40500 NYAMIRA, KENYA.
- b) **Nyangena Level 4 hospital**
Contacts Telephone: (+254) 0758946647/0732793883
- c) **Nyangena Level 4 hospital Bankers**
Kenya Commercial Bank
Kisii Branch - 1152615718
Nyamira Branch- Exp. 1331461774
- d) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100 Nairobi, Kenya
- e) **Principal legal adviser**
The Attorney General
Harambee Avenue
P.O Box 40112
City Square 00200
Nairobi, Kenya
- f) **County Attorney**
The County Attorney
County Government of Nyamira
P.O Box 434-40500
Nyamira Kenya

3. The Board of Management


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



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

3.	 <p>DR CHARLES MOMANYI CHAIRPERSON, HOSPITAL MANAGEMENT BOARD</p>	<p>Academic Qualification He is a PHD holder currently works as a lecturer at Kisii University, Board Chairman in the Hospital.</p>
4.	 <p>MR.PETER MOKAYA BOARD MEMBER</p>	<p>Academic Qualifications Bachelors of commerce graduate from Kisii University Work Experience Chairperson St. Paul Manga Orotuba Secondary School and Current Bursar at St. Michael Girls Mosoch</p>
5.	 <p>Dr. Wycliffe Tweya Medical Superintendent</p>	<p>Dr. Wycliff Onsoti is senior pharmacist. He as 10 years of working experience as a specialist for Public, Private and Partnership</p>
6.	 <p>MR. SAMUEL ATUTI BOARD MEMBER</p>	<p>Academic Qualifications A retired P1 teacher Work Experience Chairperson Board Kianungu Secondary School and former Chairperson Health Committee Kianungu Dispensary</p>

7.	 MR. TOM OGITA BOARD MEMBER	<p>Academic Qualifications Bachelor's Degree in Agri-business management</p> <p>Work Experience Kemera Ward Administrative Officer</p>
8.	 MR. RICHARD MANKONE BOARD MEMBER	<p>Academic Qualifications O level</p> <p>Work Experience He is a member of Nyangena Business Community</p>
9.	 MRS. RUCIBELLA KWAMBOKA BOARD MEMBER	<p>Academic Qualifications Community Health Nurse</p> <p>Work Experience A retired nurse and a former employer of Tabaka Mission Hospital</p>

4. Key Management Team

Ref	Management	Details
1.	 Dr. Wycliffe Tweya Medical Superintendent	Medical Superintendent
2.	 Patrick Mobegi Bachelor's Degree in Public Administration	Health Administrative Officer
3.	 Noah Ogari Diploma in Pharmacy	Pharmacy in charge
4.	 Magret Isabo	Health records officer

	Diploma in Health Records & Information	
5.	 Enoch Obung'u Diploma in Medical Laboratory Sciences	Laboratory Coordinator
6.	 Lucas Amisi Diploma in Nursing	Nurse-in-charge

5. Chairman’s Statement

Nyangena level 4 Hospital’s main mandate is to provide basic health care services to the community. The year 2025 had its challenges and achievements for the hospitals to start with achievements:

- I. The hospital was funded by World Bank for renovations which was done i.e. Administration block, OPD, Wards (Male and Female), Kitchen, pharmacy, Laboratory.
- II. The hospital boosted its human resource capacity, with the county posting new staffs including nurses, clinical officers, pharmaceutical technologists the hospital offered trainings and development opportunities for its staffs, search as in service trainings for specializations.
- III. The hospital enhanced its service delivery and patients satisfaction, with the adaption of a customer care desk and feedback mechanism, it also improved its waiting times and referral system.
- IV. The HMB and hospital management realized great achievement in terms of revenue generation which has grown compared to previous years due to FIF introduction through the county assembly ACT.
- V. The hospital boosted its partnership with various stakeholders such as: World Bank where by the hospital was supported in terms of infrastructure and also donors who gave medical equipment’s.

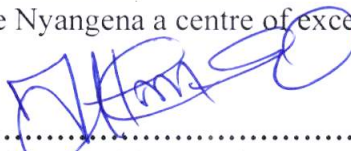
The hospital on the other hand encountered some challenges during the year as follows:

- i. The hospital faced financial constrains due to non-disbursement of funds from the county government and increase operational costs therefore the hospital had to implement some cost cutting measures like: rationalization of casual workers in order to optimize resource utilization.
- ii. The hospital also faced the challenge of lack of specialization in different cadres.

The hospital going into the future has a clear vision and determination to achieve its goals and objectives. Some of the plans for next year include:

- The hospital will strengthen its partnership and collaboration by maintaining good relations, identifying, engaging and consultation with existing and new partners in pursuing mutual benefit on behalf of the community which it’s serving.
- The hospital is planning in the future to continue with providing human resource trainings in different disciplines and giving good incentives, team work, good working environment for retaining those staffs after they are through with their studies.
- The hospital will expand its catchment area through establishing clinics, mobilizing community health promoters and enhancing its outreaches services in order to reach the community and serve them well.

In conclusion I will like to appreciate our stakeholders for their continue support and cooperation also extend the same to fellow board members and staff at large. Together we can make Nyangena a centre of excellence in health care provision within the region.


.....
Dr, Charles Momanyi
Chairman to the Board

6. Report of The Medical Superintendent

Am here today to share with you a report of Nyangena Sub County Hospital for the year 2025. The report has highlighted the achievements, challenges and plans of the hospital in providing affordable, quality and accessible health care services to the community.

In the year 2025 the hospital was privileged to have a partner to support it in terms of infrastructure improvement i.e. Administration Block, Maternity wing, Wards, Fence. This investment enhanced our capacity and capability to deliver a wide range of services to the community.

The hospital increased its service delivery and patient's satisfaction through the establishment of customer care and feedback mechanism system.

The year 2022/2023 the county assembly of Nyamira passed an Act of facility improvement fund which has boosted the revenue collection within the facility hence enabled the hospital to be able to do expenditure as per the hospital needs.

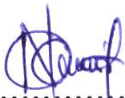
During the year the hospital faced equally some difficulties as follows:

- Due to introduction of FIF the hospital on the other hand experienced finance constraints due to unavailability by the county government in supporting other areas like: Human Resource (casual workers)

In the future the hospital has a clear vision and determined to achieve its goals and achievements. The plans are:

- Will increase its catchment area through engaging community health promoters, increase outreaches and mobilization of the community in order for them to benefit.
- The hospital intends to have in place technological infrastructure in order to enable the hospital and the community to be able to access information easily.
- The hospital will develop its leadership and governance by strengthening its management structure and processes in enhancing its accountability and transparency fostering a culture of team work and collaboration.

The hospital is great full for the support it has received from stakeholders and staffs in general in achieving its mission and vision. In the coming year we intend to serve the community better and propel the hospital into higher levels



.....
Dr. Wycliff Tweya Onsoti
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting

Officer to include in the financial statement, a statement of the County Government Hospital's performance against predetermined objectives.

These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue

1. clinical Service Deliver Pillar/theme/issue
2. Healthcare Financing Pillar /theme/issue
3. Governance Pillar /theme/issue
4. Human Resource Development

Nyangena sub county hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the year 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical services Delivery	To enhance good clinical governance, Strengthen emergency preparedness	<ul style="list-style-type: none"> • Update SOPs • No of prescription reviewed • Training reports 	Monthly clinical audits Provision of health products Train staffs on emergency	Reduction in morbidity and mortality Staff trained.
Health care Financing	Facilitate prudent finance management.	<ul style="list-style-type: none"> • Financial reports • Increase resource allocation 	Provide E and M payments Use of laid down policies	M payment in place Procurement guidelines.
Governance	Policy formulation and implementation	<ul style="list-style-type: none"> • No of meetings • Hospital performance 	Staff meetings Strategic plan implementation	Quarterly meetings sat.
Human Resource	Improved performance	<ul style="list-style-type: none"> • Human resource reports 	Established department	Functional department

8. Corporate Governance Statement

Nyangena level 4 Hospital Board of management is committed to upholding its ethical conduct in its operations and service delivery. The hospital recognizes the good governance is key in achieving its mission and vision and enhancing performance and legitimacy.

The hospital is governed by Board of directors who are appointed by the county government executive committee member of Health in accordance with Health Act 2017 whereby the medical superintendent is the secretary to the board.

The board of members have diverse back grounds, skills and experience in health, management, finance, and law and community development.

The board is responsible in policy formulation giving strategic direction, oversight and it delegates day today running of the hospital to the medical superintendent who is accountable to the board.

The board operates under a charter which outlines its roles, functions and composition of the structure which defines the relationship between the board and the management, staffs and stakeholders of the hospital.

The board meets quarterly with other additional meetings when necessary once they meet they evaluate or conduct self-assessment on its performance and identify areas of improvement.

The board has established 4 sections to assist in service-delivery. The duties and assignments are as follows:

- i. The audit and risk committee which oversees the financial management, internal control, and audit functions of the hospital.
- ii. Human resource committee that oversees the policies, practices of HR in the hospital
- iii. Quality assurance committee oversees quality care, safety and satisfaction of patients.
- iv. Ethics and governance ensure ethical conduct, governance practices and stakeholders relations of the hospital.

The board adhere to accord of ethics and conduct which sets out the principals and values that guides in decision making. it receives remunerations for its services as determined by the county government in consultation with SRC which is spelt out in the annual financial report.

9. Management Discussion and Analysis

The management of the hospital has restructured system in coordination of roles and responsibilities to avoid duplication of roles for clear accountability and enhanced team work.it also allows organization to resource and sustains essential skills and expertise in an institution.

The overall responsibility of the board accordance with the policy of County Government, the day to day management of the hospital is vested on the medical superintendent.

The medical superintendent will be assisted in performing the functions of his or her position by the hospitalmanagement team; the HMT is made up of heads of departments which defines their roles.

Clinical/operational performance

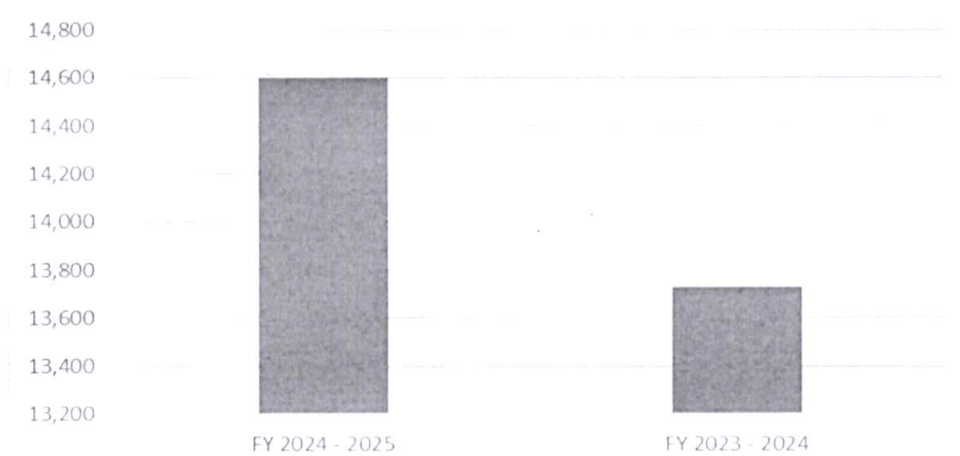
Bed capacity of the hospital.

The hospital maintained a bed capacity of 18 for both the financial years 2023/24 and 2024/25

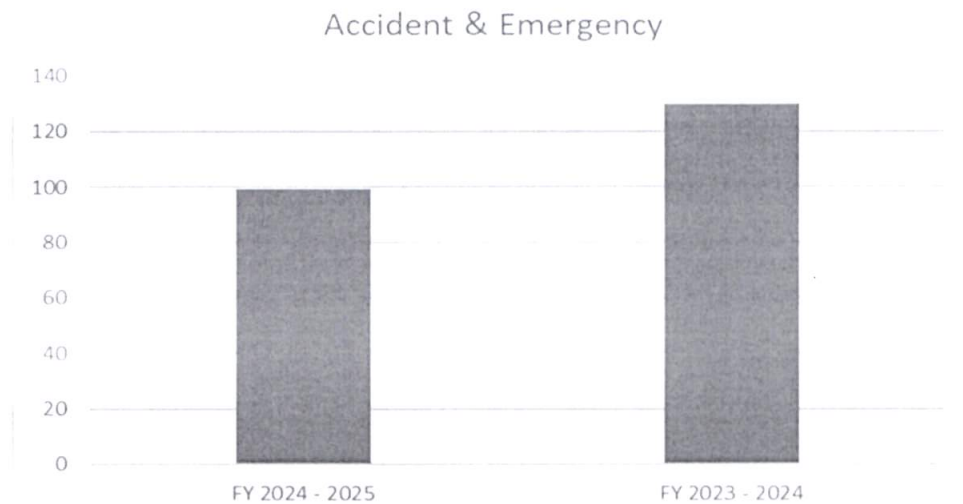
Overall patient attendance

The facility had a patient attendance of 14,600 during the year FY 2024/2025 for both inpatient and outpatient noticing an improvement from 13730 during the FY 2023/2024 as represented in the graph below

Overall patient attendance

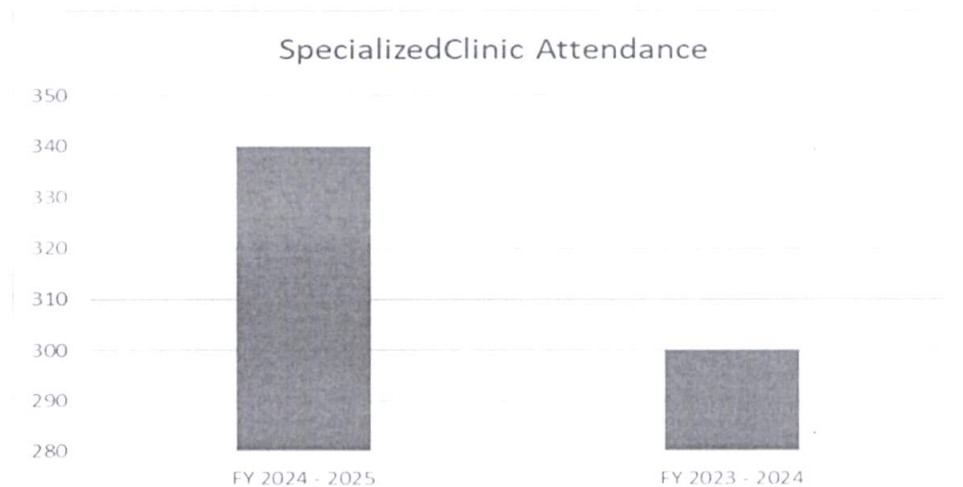


Accident and Emergency attendance reduced to 99 for FY 2024 - 2025 when compared to 130 patients FY 2023 - 2024



Specialized Clinic Attendance

The facility noticed an improvement in terms of specialized clinic attendance in the FY 2024/2025 of 340 patients from 300 in the Financial year 2023/2024.



Average length of stay for in patients- 5 days

- Bed occupancy rate-72%
- Mortality rate-11%
- Surgical theatre utilisation (number of operations over a period of time)-Nil no theatre
- Sponsorships and partnerships-40%

Financial performance that includes

- Revenue sources, -FY 2022/2023 -55%
- Utilisation of funds etc.-80%

10. Environmental And Sustainability Reporting

Nyangena Level 4 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 organization's policies and activities that promote sustainability.

Sustainability strategy and profile

The sustainability strategy is guided by its vision, mission and values as well as the national and county health policies and plans. It has also conducted a basic assessment of available options for financing to ensure the hospital of its long-term sustainability.

Environmental performance

The hospital has an environmental policy that guides its operations as regard to environment. The policy states that:

- i. Continuous monitoring, improving and evaluating its environmental performance.
- ii. Promotes environmental awareness and education among its staffs, patients and stakeholders.
- iii. The hospital conducts environmental audit in collaboration with NEMA to assess hospitals compliance with rules and regulations in order to improve certain areas where need is seen.
- iv. The hospital has waste treatment equipment that helps us to treat our waste.
- v. The hospital has bins at all generation points in the department.
- vi. The general cleanliness of the hospital is conducted regularly.

Challenges

- Breakdown of equipment
- High bills of electricity from the usage of equipment's.
- Lack of recycling or reuse program that will reduce waste generation and save costs.
- Lack of comprehensive waste management policy or system that will ensure proper segregation, collection, transportation, treatment and disposal of waste.
- Delay of funds disbursement

The hospital is committed in improving its environmental performance by implementing the following actions:

- The hospital will develop a policy and guidelines on how to segregate, collect, transport, treat and dispose waste.
- It will conduct an energy audit that will measure the energy consumption and costs of the hospital operations and products.

Employee welfare

The hospital values its employees by providing conducive environment of working with following policies and practices that guides its employees welfare.as follows:

- Provides trainings and opportunities to its staffs.
- Through performance management system the hospital is able identify areas of weakness and support individuals in order to get better results.

Market place practices-

a) Responsible competition practice.

This is done through proper use of the available county website for advertisement purposes as well as making good use of the instituted internal committees to help minimize corruption.

b) Responsible Supply chain and supplier relations

The institution ensures best involvement of suppliers in the tendering process and feedback given to the suppliers in good time as well as prompt payment for the goods and services rendered.

c) Responsible marketing and advertisement

It emphasises the use of media and journals to advertise its services and products.

d) Product stewardship

The hospital strives to adhere to best market practices in rendering its services in accordance with standards to ensure safety to its customers.

Corporate Social Responsibility / Community Engagements

The initiatives are aimed at improving lives and enhanced engagement with the public. The hospital participates in community engagements search as mentoring, volunteering, sponsoring and advocating.

11. Report of The Board of Management

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

Principal activities

The principal activities of Nyangena Level 4 hospital is provision of healthcare services to the general public

Results

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

Board of Management

The members of the Board who served during the year are shown on page vi-ix
During the year the 7 board members were appointed.

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 were nominated by the Auditor General to carryout the audit of the hospital for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Dr. Wycliff Tweya Onsoti
Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

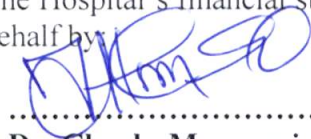
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining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

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The Board members are of the opinion that the hospital's 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 hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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



.....
Dr. Charles Momanyi
Chairperson
Board of Management



.....
Dr. Wycliff Tweya Onsoti
Medical Superintendent

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyangena Level 4 Hospital - Nyamira County set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyangena Level 4 Hospital - Nyamira County Government as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Unsupported Property, Plant, and Equipment

The statement of financial position and Note 19 to the financial statements reflects property, plant and equipment balance of Kshs.31,615,972. However, the assets balances including land and buildings, motor vehicles, furniture, fittings and office equipment were not supported by valuation reports. Further, the ownership documents for the land, buildings and motor vehicles were not provided for audit review.

In addition, the Management did not maintain an asset register detailing the dates of acquisition, cost, supplier, location, depreciation, unique identification number, disposal and other details for the assets control measures.

In the circumstances, the existence, accuracy and completeness of plant, property and equipment balance of Kshs 31,615,972 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyangena Level 4 Hospital - Nyamira County 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 actual expenditure of Kshs.54,187,676 against actual receipts of Kshs.78,445,638 resulting to under-absorption of Kshs.24,257,962 or 31% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xx which comprise of Key Hospital Information and Management, the Board of management, Key Management Team, Chairman's Statement, Report of the medical superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board 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 effects 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. Unlawful Transfer of Facility Improvement Funds

The statement of financial performance reflects general expenses of Kshs.5,729,519, which includes transfers to primary healthcare support and CHMT support of Kshs.440,460 and Kshs.68,100, respectively, as disclosed in Note 15 to the financial statements totalling Kshs.508,560. The transfers contravened section 5(1) of the Facility Improvement Financing Act No. 14 of 2023, which requires Level 1 to 5 facilities to retain all monies raised or received.

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

2. Irregular Operation of Facility Improvement Fund Revenue Account

Review of the bank records revealed that the County Chief Officer (Medical Services) was appointed as the only mandatory signatory to the FIF revenue account, vide letter Ref. No. NCG/F&P/CECM/BANKVOL.IV(19) dated, 24th October 2024. The Chief Officer Finance and the Head of Accounting Services were included as other signatories to the account. This is contrary to the provisions of section 20(2) of the FIF Act, 2023 which requires that the Medical Superintendent and the Hospital Administrator be the mandatory signatories to the FIF revenue account.

In the circumstance, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for

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

Basis for Conclusion

1. Weak Information Technology Internal Control Environment

Review of the Information Technology internal controls revealed that Management had not developed an IT continuity and disaster recovery plan and this could resort to disruption of services. Further, an IT strategic committee for the oversight function and formulation of policies to ensure that the IT investments and functions are directed towards the achievement of the mandate of the Hospital was not formed.

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

2. Poor Implementation of Universal Health Coverage

Review of Hospital records and interviews on services offered, equipment available and medical specialists in the Hospital revealed deficiencies noted below.

i. Staffing

The Hospital had actual establishment of 8 medical staff against the approved establishment of 91 in the various cadres as per the Kenya Quality Model for Health Policy Guidelines resulting to a deficit of 83 or 91% of the authorized establishment.

ii. Inadequate Infrastructure

The Hospital lacked key infrastructure including a radiology services unit, a Mortuary/cold room, an advanced life support and staff quarters for at least four (4) persons on duty and therefore failed to offer critical services.

iii. Bed Capacity

The hospital has a thirty (30) bed capacity against the required one hundred and fifty (150) limiting the in-patient capacity.

The deficiencies imply failure to meet the First Schedule of the Health Act, 2017 requirements, thus, making accessibility to 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, not achievable.

3. Management of Pharmaceuticals

Physical verification of the Hospital's drug storage facilities revealed inadequate storage space, which compromises the ability to maintain the required quality and safety of drugs.

This contravenes Section 2.4.2 of the Pharmacy and Poisons Board (PPB) Guidelines for Good Distribution Practices for Health Products and Technologies in Kenya. The guidelines requires that storage areas have sufficient capacity to allow orderly storage of various categories of health products and technologies, including usable, quarantined, rejected, returned or recalled items. The inadequate storage space indicates the non-compliance with the guidelines and poses a risk to the proper handling and preservation of pharmaceutical products.

In the circumstances, the inadequate drug storage space is non-compliance with PPB guidelines and poses a risk to the proper handling, safety and preservation of pharmaceutical products.

4. Failure to Implement Electronic Bookkeeping System

Review of records revealed that Management maintained its financial and operations records including payroll, cash book and ledgers in manual form which do not have the necessary backups, The Hospital's financial information is exposed to risks of inaccuracy, inefficiencies, manipulations and possible loss. The management, lack a system for maintaining financial transactions.

In the circumstances, the effectiveness of internal controls over recording of transactions manually could not be confirmed.

5. Non-Automation of Revenue Collection

Review of the revenue processes and system reviewed that the Hospital management had not automated revenue collection for all revenue streams and own-source revenue is collected manually. The manual collection process lacks integrated system controls such as real-time recording, reconciliation and monitoring of transactions. Thus, the Hospital's revenue management is exposed to risks of leakage, errors, fraud, and possible misappropriation of funds. In addition, the absence of automation hinders timely decision-making, accurate reporting and effective accountability over collected revenue.

In the circumstances, the effectiveness of internal controls over recording of transactions in manual records 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 those Charged with Governance

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

Appendices

Appendix 1

Basis for Qualification Opinion
1. Presentation and Disclosures of the Financial Statements
1.1 Inaccuracies in the Financial Statements
2. Unconfirmed Property, Plant and Equipment Balance
Report on Lawfulness and Effectiveness in the use of public Resources
1. Non Compliance with Kenya Quality Model for Health Policy Guidelines
2. Lack of Assets Register
Report on Effectiveness of Internal Controls, Risk Management and Governance
1. Lack of ICT and Risk Management Policies
2. Lack of an Audit Committee

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			
Transfers from the County Government	6	0	123,000
In-kind contributions from the County Government	7	29,113,445	26,985,523
Grants from donors and development partners	8	2,051,370	0
		31,164,815	27,108,523
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	47,280,823	4,779,951
Revenue from exchange transactions		47,280,823	4,779,951
Total revenue		78,445,638	31,888,474
Expenses			
Medical/Clinical costs	10	13,550,938	4,477,784
Employee costs	11	27,848,699	25,117,280
Board of Management Expenses	12	109,500	86,500
Depreciation and amortization expense	13	1,795,216	2,086,312
Repairs and maintenance	14	6,949,020	880,880
General expenses	15	5,729,519	1,320,387
Total expenses		55,982,892	33,969,043
Net Surplus for the year		22,462,746	(2,080,569)

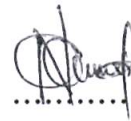
The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:



Dr. Charles Momanyi
Chairman
Board of Management



CPA: Jemimah Abuga
Head of Finance
ICPAK No: 12842



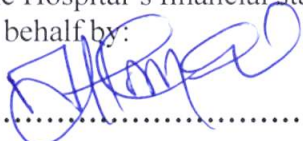
Dr. Wyclif Tweya
Medical Superintendent

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

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	2,536,692	596,730
Receivables from exchange transactions	17	22,318,000	1,241,000
Inventories	18	866,270	3,021,315
Total Current Assets		25,720,962	4,859,045
Non-current assets			
Property, plant, and equipment	19	31,615,972	31,611,188
Total Non-current Assets		31,615,972	31,611,188
Total assets (A)		57,336,934	36,470,233
Liabilities			
Current liabilities			
Trade and other payable	20	382,231	892,131
Total Current Liabilities		382,231	892,131
Total Liabilities (B)		382,231	892,131
Net assets (A-B)		56,954,703	35,578,102
Accumulated surplus/Deficit		18,608,558	(2,080,569)
Capital Fund		38,346,145	37,658,671
Net Assets		56,954,703	35,578,102

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



Dr, Charles Momanyi
 Chairman
 Board of Management



CPA: Jemimah Abuga
 Head of Finance
 ICPAK No: 12842



Dr. Wyclif Tweya
 Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	0	(1,773,619)	38,346,145	36,572,526
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	(2,080,569)	0	(2,080,569)
Capital/Development grants	0	0	0	0
As at June 30, 2024	0	(3,854,188)	38,346,145	34,491,957
At July 1, 2024	0	(3,854,188)	38,346,145	34,491,957
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	22,462,746	0	22,462,746
Capital/Development grants	0	0	0	0
At June 30, 2025	0	18,608,558	38,346,145	56,954,703

Nyangena Level 4 Hospital (Nyamira 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 FY	2023-2024FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	123,000
Rendering of services- Medical Service Income		24,962,823	3,532,951
Total Receipts		24,962,823	3,655,951
Payments			
Medical/Clinical costs		9,248,646	811,540
Employee costs		986,176	885,780
Board of Management Expenses		109,500	86,500
Repairs and maintenance		6,949,020	880,880
General expenses		5,729,519	1,320,287
Total Payments		23,022,861	3,984,987
Net cash flows from operating activities		1,939,962	(489,415)
Cash and cash equivalents as at 1 July 2024		596,730	1,086,145
Cash and cash equivalents as at 30 June 2025		2,536,692	596,730

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	0	0	0	0	%
Receipts						
Transfers from the County Government	29,113,925	0	29,113,925	29,113,445	480	100%
Grants from donors and development partners	2,051,370	0	2,051,370	2,051,370	0	100%
Rendering of services- Medical Service Income	3,517,218	44,716,271	48,233,489	47,280,823	952,666	98%
	34,682,513	44,716,271	79,398,784	78,445,638	953,146	99%
Payments						
Medical/Clinical costs	15,982,455	10,214,827	26,197,282	13,550,938	12,646,344	52%
Employee costs	11,319,600	24,124,120	35,443,720	27,848,699	7,595,021	79%
Remuneration of directors	116,000	0	116,000	109,500	6,500	94%
Repairs and maintenance	3,655,890	6,007,338	9,663,228	6,949,020	2,714,208	72%
General expenses	3,608,568	4,369,986	7,978,554	5,729,519	2,249,035	72%
Capital Expenditure paid	34,682,513	44,716,271	79,398,784	54,187,676	25,211,108	68%

19. Notes to the Financial Statements

1. General Information

Nyangena hospital is established by and derives its authority and accountability from PFM Act. The hospital is wholly owned by the Nyamira County Government and is domiciled in Nyamira County in Kenya. The hospital's principal activity is primary health care 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's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and Nyamira health Facility improvement fund (FIF) act 2022 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<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 cash flows of an Hospital. 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, 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: 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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: 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;

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

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<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>
IPSAS 48- Transfer Expenses	<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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <p>Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized</p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

b. Budget information

- c. The original budget for FY 2024-2025 was approved by Board on *June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The *hospital* 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.

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

f. 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.

investment property

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

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

g. 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)

h. 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 hospital will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

i. 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.

j. Biological Assets

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

k. Research and development costs

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

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

- The ability to measure reliably the expenditure during development.

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

J. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The hospital 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.

K. Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.

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

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

L. Provisions

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

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

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

M. Social Benefits

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

N. Contingent liabilities

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

O. Contingent assets

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

P. Nature and purpose of reserves

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

Q. Changes in accounting policies and estimates

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

R. Employee benefits

Retirement benefit plans

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

S. Foreign currency transactions

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

T. Borrowing costs

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

U. Related parties

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

V. Service concession arrangements

The hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *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.

W. Cash and cash equivalents

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

X. Comparative figures

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

Y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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. Additional disclosure of these estimates of provisions is included in Notes. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

6. Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year 2024 - 2025	2023-2024 Period
			KShs	KShs	KShs
Nyamira County Government	0	0	0	0	123,000
Total	0	0	0	0	123,000

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	26,862,523	24,042,500
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,250,922	2,943,023
Total grants in kind	29,113,445	26,985,523

8. Grants From Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Cancer Centre grant- USAID	2,051,370	0
Total grants from development partners	2,051,370	0

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	2024/2025	2023/2024
	KShs	KShs	KShs	KShs	KShs
USAID	0	0	0	2,051,370	0
Total	0	0	0	2,051,370	0

9. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	433,363	400,900
Non-Pharmaceuticals	48,640	216,726
Laboratory	258,910	247,870
Cards	199,750	-
Files	34,850	-
Inpatient	144,390	96,000
OPD	26,595	117,839
Medical Forms	33,200	-
SHA Reimbursement	23,783,125	3,700,616
SHA Receivables	22,318,000	
Total revenue from the rendering of services	47,280,823	
Cashflow adjustment:		
SHA Receivables	(22,318,000)	
Total cashflow revenue from rendering of services	24,962,823	4,779,951

10. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,368,000	293,000
Food and Ration	1,646,600	310,990
Uniform, clothing, and linen	900,000	-
Dressing and Non-Pharmaceuticals	2,285,046	55,540
Pharmaceutical supplies	2,261,000	782,231
Health information stationery	638,000	61,000
Sanitary and cleansing Materials	150,000	32,000
In Kind Pharmaceuticals	4,302,292	2,943,023
Total medical/ clinical costs	13,550,938	4,477,784
Cashflow adjustments:		
In-kind Pharmaceuticals	(4,302,292)	
Total cashflow medical costs	9,248,646	

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

11. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	26,862,523	24,042,500
Other employee costs (CASUAL)	986,176	1,074,780
Employee costs	27,848,699	25,177,280
Cash Flow Adjustment:		
Outstanding Casual Payments	0	189,000
In Kind contributions (County Government)	26,862,523	24,042,500
Cash flow total	986,176	885,780

12. Board of Management Expenses

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Sitting allowance	109,500	86,500
Total	109,500	86,500

13. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	1,795,216	2,086,312
Total depreciation and amortization	1,795,216	2,086,312

14. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	3,825,100	730,880
Medical equipment	101,920	40,000
Office equipment	2,552,000	0
Computers and accessories	305,000	0
Motor vehicle expenses	165,000	110,000
Total repairs and maintenance	6,949,020	880,880

15. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Primary healthcare support	440,460	0
Bank charges	55,059	108,965
Households Appliances	796,000	0
Security services	250,000	0
Electricity expenses	282,500	243,000
Fuel and Lubricants	898,900	126,500
CHMT Support	68,100	0
Travel and accommodation allowance	1,061,500	270,000
Printing and stationery	475,000	64,000
Water and sewerage costs	500,000	0
Telephone and mobile phone services	100,000	3,000
Motivational Packs	802,000	0
Total General Expenses	5,729,519	1,320,287

16. Cash And Cash Equivalents

Description	FY 2024 - 2025	FY 2023 - 2024
	KShs	KShs
Current accounts	2,536,692	596,730
Total cash and cash equivalents	2,536,692	596,730

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1152615718	2,521,053	596,730
Sub- total		2,521,053	596,730
b) Kenya Commercial bank	1331461774	15,639	0
Sub- total		15,639	0
Grand total		2,536,692	596,730

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

17. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	22,318,000	1,241,000
Total receivables	22,318,000	1,241,000

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs	% of the total	Comparative FY	% of the total
Less than 1 year	0	0		0
Between 1- 2 years	22,318,000	100%	1,241,000	100%

18. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	621,231	2,933,155
Food supplies	35,889	50,900
Cleaning materials supplies	0	16,700
General supplies	0	20,560
Lab Reagents & Materials	209,630	0
Total	866,750	3,021,315

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

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 st July 2023	7,000,000	19,200,000	3,000,000	525,000	35,000	3,937,500	0	0	33,697,500
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation adjustments	0	0	0	0	0	0	0	0	0
As at June 2024	7,000,000	18,432,000	2,250,000	459,375	24,500	3,445,313	0	0	31,611,188
At 1 July 2024	7,000,000	18,432,000	2,250,000	459,375	24,500	3,445,313	0	0	31,611,188
Additions	0	0	0	1,800,000	0	0	0	0	1,800,000
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
As at June 2024	7,000,000	18,432,000	2,250,000	2,259,375	24,500	3,445,313	0	0	33,411,188
Depreciation and impairment	0	4%	25%	12.5%	30%	12.5%			
At 1 st July 2023	7,000,000	19,200,000	3,000,000	525,000	35,000	3,937,500	0	0	33,697,500

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Depreciation for the year		(768,000)	(750,000)	(65,625)	(10,500)	(492,187)	0	0	2,452,500
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
As at June 2024	7,000,000	18,432,000	2,250,000	459,375	24,500	3,445,313	0	0	31,611,188
Additions	0	0	0	1,800,000	0	0	0	0	1,800,000
Depreciation rate	0	4%	25%	12.5%	30%	12.5%			
depreciation	0	(737,280)	(562,500)	(57,422)	(7,350)	(430,664)			
At 30th Jun 2025	7,000,000	17,694,720	1,687,500	2,201,953	17,150	3,014,649	0	0	31,615,972
Depreciation and impairment									
At 1 July 2024	0	768,000	750,000	65,625	10,500	492,187	0	0	2,086,312
Depreciation for the year	0	737,280	562,500	57,422	7,350	430,664	0	0	1,795,216
Net book values									
At 30 th Jun 2024	7,000,000	18,432,000	2,250,000	459,375	24,500	3,445,313	0	0	31,611,188

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 30 th Jun 2025	7,000,000	17,694,720	1,687,500	2,201,953	17,150	3,014,649	0	0	31,615,972

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

20. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Employee dues	0		189,000	
Pharmaceuticals	382,231		632,231	
Food	0		70,900	
Total trade and other payables	382,231		892,131	
Ageing analysis:		% of the Total		% of the total
Under one year	382,231	%	892,131	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	382231	%	892,131	100%

21. Financial Risk Management

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

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

(i) Credit risk

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

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

(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.

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

(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.

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

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

a) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

22. Related Party Balances

Nature of related party relationships

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

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

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

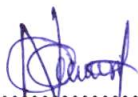
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unconfirmed Property, Plant and Equipment balance	The management takes note of the auditors' observation on valuation of assets. However, the ownership documents for the motor vehicles assigned for the hospital including the ambulance purchased by the county Government of Nyamira are in the custody of the Department of Finance, because in regard with the existing laws, the hospital is an entity of the county Government of Nyamira and does not exist as an autonomous institution. Therefore, the hospital assets are held in trust by the County Government.	Not resolved	
1	Non-compliance with KQMHG	The management acknowledges on issues raised by the auditors concerning short falls of staff levels as per KQMH guidelines for level 4 hospitals. However, the county government of Nyamira has proposed recruitment of additional healthcare workers to bridge this gap. Further, management wishes to clarify that there is also ongoing effort of training existing staffs on	Not resolved	

*Nyangena Level 4 Hospital (Nyamira County Government)
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)
		specific specialties in various institutions to link specialized personnel. The county government of Nyamira is in the process of completion the inpatient wards, once done; it will boost the bed capacity and enable other services to be carried out to meet the universal health coverage standards.		
2	ICT and Risk Management policies	Management makes use of ICT and risk policy which was developed and adopted by the County Gvt of Nyamira on 6th January 2023	Not resolved	
1	Lack of an Asset Register	The management takes note of the auditors' observation that the hospital assets register was not fully updated at the time of the audit. We wish to clarify that the hospital is in the process of updating the assets register in the format stated in the audit report. However, at the time of the audit, the column on cost of immovable assets was not populated because the Inter-governmental Relations Technical Committee (IGRTC) did not complete the process of valuing and handing over of assets to the County Government of Nyamira. However, the ownership documents for the motor vehicles assigned for the hospital including the ambulance purchased by the county Government of Nyamira are in the custody of the Department of Finance, because in regard with the existing laws, the hospital is an entity of the county Government	Not resolved	

Nyangena Level 4 Hospital (Nyamira County Government)
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)
		of Nyamira and does not exist as an autonomous institution. Therefore, the hospital assets are held in trust by the County Government.		
2	Lack of an Audit Committee	Management makes use of the county executive audit committee where all audit findings are tabled for deliberations and recommendations	Not resolved	



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Dr. Wycliffe Tweya
Accounting Officer