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REPORT

OF

THE AUDITOR-GENERAL

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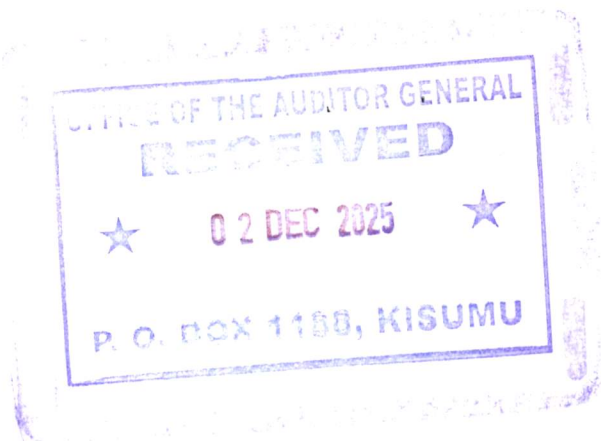
LUMUMBA SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISUMU

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Revised 30th June 2025



**LUMUMBA LEVEL 4 HOSPITAL
(KISUMU COUNTY GOVERNMENT)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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ACRONYMS & GLOSSARY OF TERMS

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

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

. Key Entity Information and Management

(a) Background information

Lumumba Sub-County Hospital is a level (4) hospital established under gazette notice number 8695 and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide quality and affordable preventive, promotive, rehabilitative and curative health services.

(c) Key Management

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

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

(d) Fiduciary Management

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

No	Designation	Name
1.	Medical Superintendent	Pamela Olilo
2.	Hospital Administrator	Samuel Chwiri
3.	Head of supply chain	Metabel Opiyo
4.	Nursing Director	Margaret Kathanje
5.	Laboratory Manager	Fredrick Gogo
6.	Pharmacist	Dr. Foram Bhogayata
7.	Head of Clinical Services	Loice Otieno
8.	Head of Public Health	Enos Owili
9.	Head of Records	Linda Odaga
10.	Head of ICDC	Austine Atogo
11.	Head of Ward Practice Group	Julie Omamo

(e) **Fiduciary Oversight Arrangements**

The objectives Audit committee:

- i. To identify unresolved/recurring audit matters from previous external Audit. (Prior year Audit queries).
- ii. To ensure that banking arrangements and facilities are appropriate and adequate.
- iii. To establish whether recording of all bank transactions and balances are bona fide,
- iv. complete, accurate and authorized whenever necessary.
- v. To ensure that the potential for staff malpractice and fraud are minimized.
- vi. To establish whether there is Proper collection, accounting and safe custody of revenue/AIA.
- vii. To ensure adequacy of internal controls to prevent and/detect material misstatement.
- viii. To provide reasonable assurance that the revenue management are free from material misstatement whether due to fraud or error.

The county assembly

The county assembly of Kisumu exercises oversight over the county executive committee and any other county executive organs.

Risk Committee.

The risk committee is responsible for assisting the board in its oversight of the risk management process, reviewing the risk profile, reviewing the effectiveness of the risk management framework and monitoring of mitigation plans.

Clinical Research and standards committee

The responsibility is to identify and address health issues within the community. And also be involved in actions of a social accountability nature, raising issues regarding health service performance

Key Entity Information and Management (continued)

(f) Entity Headquarters

LUMUMBA SUB-COUNTY HOSPITAL

P.O. Box 486-40100

ONDIEK ESTATE

KISUMU, KENYA

(g) Entity Contacts

Telephone: (+254) 782802344

E-mail: lumumbasch@gmail.com

Website: www.go.ke

(h) Entity Bankers

Commercial Banks

CO-OPERATIVE BANK OF KENYA

(i) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200


Nairobi, Kenya

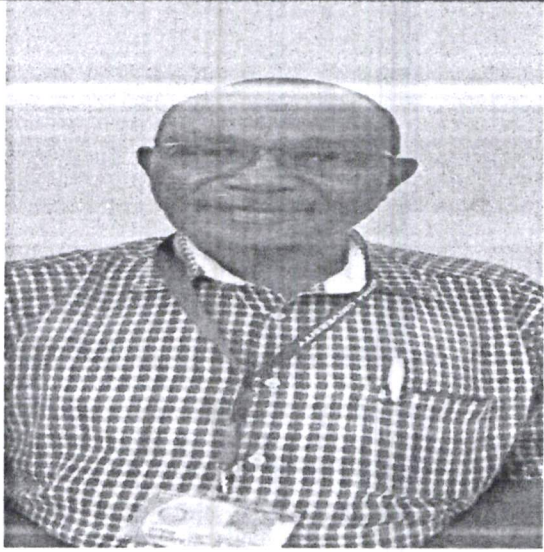

(k) County Attorney

P.O. Box. 2738-40100



Kisumu, Kenya


THE BOARD OF MANAGEMENT

Ref	Directors	Details
1.	<p>Dr. Monica Ogutu, PDH RN/M</p> 	<p>Dr. Monica is the Founder and Executive Director of KMET, a position she has held since 1996 when the organization was established. Dr. Monica holds a doctorate degree in Public Health from the University of Central England (UCE) and is a renowned registered Nurse/Midwife, who managed a busy Maternity unit at Kenyatta National Teaching and Referral Hospital doubling as an Honorary Lecturer at the department of Nursing – Nairobi University for 15 years before opting out to start the KMET – a local indigenous non-governmental organization implementing innovative integrated health programs. She is known for her ability to promote collaboration between government officials, private and public sector and communities to work together for better Outcomes. Her top priorities are. Reproductive Maternal Health Innovations and Education. Advocacy, Task shifting/sharing, and community engagement towards social accountability. .</p>


<p>2.</p>		<p>Dr. Chris Oyoo Onuonga 64yr holds Master of Medicine-Obstetrics and Gynecology University of Nairobi, Bachelor of Medicine and Surgery University of Nairobi. Dr. Chris Oyoo is the current deputy Chancellor Academics, Uzima University and also served as Dean School of medicine, Uzima University between 2016-2019. Over 5 years working as an associate professor in Reproductive health, teaching medical students, nurses and clinical officers at Kampala International University Uganda. Dr. Chris Oyoo is a co-founder of the Kenya Chapter of the Prevention of Maternal Mortality Network(PMM)</p>
<p>3.</p>		<p>Pamela Mokeira Olilo has thirty one years of experience in Clinical Medicine and Surgery. She worked in a busy Outpatient Department at Jaramogi Oginga Odinga Teaching and Referral Hospital from 1993. She was also an external lecturer at KMTC - Kisumu, Department of Clinical Medicine and Surgery for 5 years and an external examiner for 18 years. She became the Clinical Officer in charge in 2008 before being posted to</p>


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		Lumumba Sub County Hospital in March 2021 as the Medical Superintendent.
4.		<p>Mr. Daniel Lee Kalungo 57yr</p> <p>work experience include:</p> <ul style="list-style-type: none"> * 1988-1996 Amido Centre branch manager Bungoma * 1997-1999 Daline Holding limited - Director * 2001-2005 Global beverages limited regional manager Nyanza and Western Kenya * 2006-to date Business
5.		<p>Pamela Ogembo Agutu 63yr</p> <p>Mrs. Ogembo is a O Level graduate.</p> <p>work experience include:</p> <ol style="list-style-type: none"> 1. Lake basin development authority as support staff 2. Joined politics in 1998 and elected as councillor for Kibuye ward

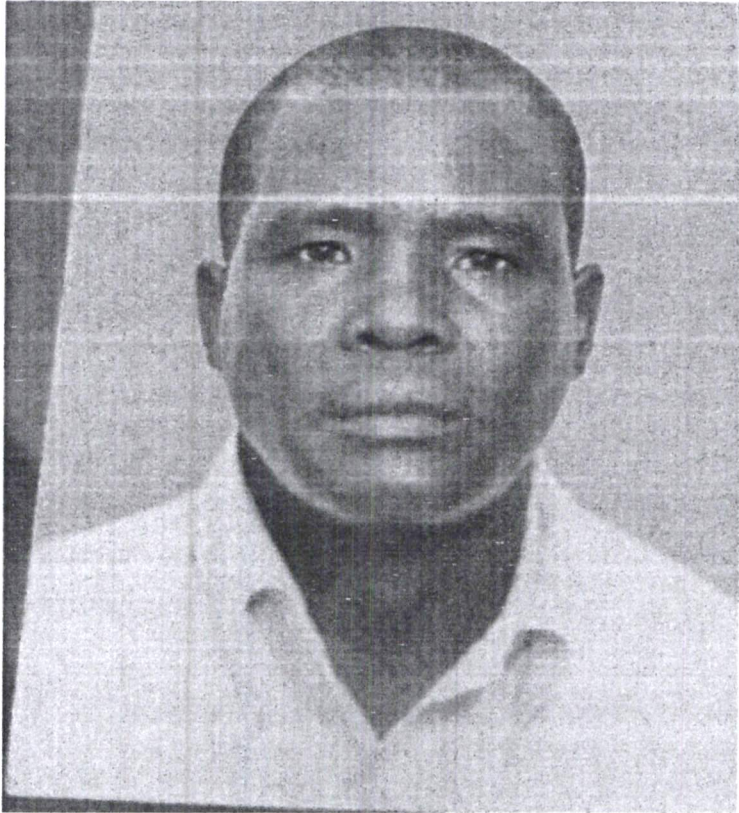
		<p>3. Appointed as member of decentralization/establishment of village council task force in 2017.</p> <p>4. Appointed as chairperson of Land taskforce Kisumu County in 2018.</p>
6.		<p>Mr. Antony Ochieng Okew 52YR</p> <p>Mr. Okew is a O Level graduate with certificate in conflict resolution from GLUK</p> <p>work experience include:</p> <ol style="list-style-type: none"> 1. Worked with the like minded organizations, schools, home based communities and churches as counsellor and facilitator, in the field relating to conflict resolution and peace building 2009 2. Volunteered with human right organizations, transparency international,kenya land alliance

Key Management Team

Ref	Management	Details
1.		<p>Pamela Mokeira Olilo is 52 years old and has thirty years' experience in Clinical Medicine and Surgery. She worked in a busy Outpatient Department at Jaramogi Oginga Odinga Teaching and Referral Hospital from 1993 and became the Clinical Officer In charge in 2008, before being posted to Lumumba Sub County Hospital in March 2021 as the Medical Superintendent.</p>

2.		<p>Samuel Chwiri is 43 years old and has twelve years of experience in management. He holds a Diploma in Business Management. He started working at Jaramogi Oginga Odinga Teaching Referral Hospital as accounting clerk in 2011 before being posted to Lumumba Sub County Hospital in August 2018 as Health Administrative Officer (HAO).</p>
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3.		<ol style="list-style-type: none">1. Dr. Forum is the head of Pharmacy at Lumumba Sub-County Hospital2. Worked as a unit head at IP, OPD and ARV pharmacies (including MCH, GBVRC and TB clinic.) worked at the oncology unit at JOOTRH3. Worked with different cadres to be able to offer the best possible approach to obtain better treatment outcomes at JOOTRH.4. Other achievements are Monitoring and providing medication services for patients with severe infections, wounds and multi-drug resistant pathogens at JOOTRH.
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4.		<p>Fredrick Gogo</p> <p>Hold Bachelor of Science in Medical Laboratory from Masinde Muliro University Science and Technology</p> <p>Diploma Certificate in Medical Laboratory from Kenya Medical Training College</p> <p>Awards</p> <p>Public Financial Management Mentorship</p> <p>AFB Microscopy EQA Training</p> <p>TB smear & Microscopy Certificate</p> <p>Good clinical Laboratory Practices Certificate</p> <p>Laboratory Biosafety & Biosecurity Training</p> <p>Malaria Quality Assurance Training</p> <p>: Malaria diagnostic technique and equipment usage</p> <p>For anti-malaria centers in Africa(1) from JIANGSU INSTITUTE OF PARASITIC DISEASES in WUXI-CHINA.</p>
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Chairman's Statement

During this reporting period the hospital board of management implemented the following activities.

- **Sustained Locum staff to ensure full operationalization of post-natal ward** - As a result, we have seen an increase in **deliveries to 250 with reduction in complications**. Increased nursing staffing from 36 to 44 ensuring higher quality patient care

- All board meetings were held as per the Calender and actions taken on realtime

- Enhanced partnerships with local community organizations, collaborating on health initiatives and outreach programs.

- Improvement of equipment and staffing in the facility leading to good performance in SHA rollout including recruitment at the hospital

- **Improved Collaboration with Partners** namely: CHEB-Kenya, NRHS, KEMRI to optimize utilization of available resources

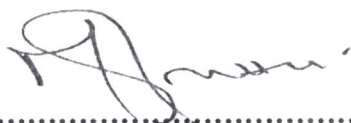
- Held feedback and consultative meetings with the County leadership. For example, on 14/4/25 the DG joined the full board meeting and toured the facility to assess its medical progress and held discussions with the Board of Management, and staff to identify gaps, and streamline healthcare indicators.

And the following remain our major Concerns:

- Unclarity on the Hospital allotment letter/Title Deed

- Lack of Utility Vehicle

Incomplete Strategic and Investment Plan



.....
Name

Chairman to the Board

Report of The Medical Superintendent

The main mandate of Lumumba Sub County Hospital is to provide preventive, promotive, curative, and rehabilitative health services. It serves a catchment area with a population of 49,280 situated in the Shauri Moyo Kaloleni ward. The ward is served by two community units. It offers specialized clinical services in Obstetrics/Gynaecology, and Dermatology and serves as a mentorship and training institution for health workers and medical students.

The hospital has over the years improved on the quality-of-service delivery therefore attracting more clients. The number of deliveries conducted during the financial year were 2641 and the Outpatient workload was 69154. The hospital is keen to ensure that the maternity wing is adequately supported when eventually the mothers give birth. This dream has been achieved by the operationalization of the postnatal ward which saw an increase in deliveries from 200 to 250 per month.

We appreciate the increase in staffing from 36 to the current 44 nursing staff with the increase in revenue collection after the roll out of the Social Health Authority (SHA). This has drastically reduced patient waiting time and enhanced service delivery.

The world is fast moving towards paperless service provision and anchoring the cusses of this in modern technology and digitization. The entire hospital has been installed with the local area network (LAN). The facility has installed a digitalized system powered by Taifa Care. It is now working on deploying it facility-wide.

Partnership and collaboration is key in health systems strengthening and service provision at a wider scope. The facility has a collaboration with several partners that would not only strengthen our current service offering but also enhance health research and exploration in other health-related areas that we currently do not offer. The notable partners are CHEB-Kenya, NRHS, KEMRI and Jali Watoto Program.

The hospital board has been very instrumental in providing leadership, guidance, and oversight in the hospital management. Their pivotal role has seen the hospital work on a Strategic and Investment Plan amongst other achievements.

 PAMELA OKILO

Name

Secretary to the Board



04/17/2025

Statement of Performance Against Predetermined Objectives

Lumumba Sub- County hospital level four strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- 1: Quality Improvement**
- 2: Leadership and governance**
- 3: Health information and research**
- 4: Healthcare financing and sustainability**

Lumumba Sub-County hospital develops its annual work plans based on the above four pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Quality Improvement	Enhance Continuous quality improvement	QI charter developed and	Develop and implement quality improve	100% Clients satisfaction

		operati onal	ment team	
2: Leadership and governance	Enhance policy formulati on, dissemin ation and impleme ntation	% Increas e in hospi tal perfor mance	Monthl y HMT meeting s Quarter ly board meeting s	No. of HMB meeting s No. HMT meeting s
3. Health Information and research	Strenght en, coordina te and manage health informati on	% reducti on in averag e waiting time	Maintai n ICT infrastr ucture to ensure full function ality of the system	Mainte nance schedul e for the system

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<p>4. Healthcare financing and sustainability</p>	<p>To increase revenue generation Facilitate prudent financial management</p>	<p>% increase in revenue % increase in resource allocation to departments</p>	<p>To increase customer base To review user fee charges To diversify revenue streams</p>	<p>No. enrolled in SHIF/S HA User fee guidelines Improve out-of- pocket payments.</p>
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Corporate Governance Statement

Corporate governance of the facility is the responsibility of the board of management of the hospital and is accountable to the department of medical services, public health and sanitation, County Government of Kisumu for ensuring that the facility complies with the regulations and the standards of corporate governance and business ethics.

Board of management

The hospital board of management (HMB) acts as a link between the hospital and the community it serves. The board has the ultimate authority and responsibility for patient care and the overall quality of care services in the hospital. The hospital management board has the obligation to demonstrate leadership in determining priorities for the hospital that are consistent with the available resources. The responsibility of the hospital management board is to provide oversight to the hospital management team (HMT) to improve the status of the community.

The participation of the community in the hospital management board is vital to represent the community in decisions regarding the collection and use of funds and in monitoring the provision of quality care services.

The hospital management board is appointed by the Governor on recommendation by the County Executive Member of health. The roles of the hospital management board are:

- i) Overseeing the implementation of government policies and other resource manuals.
- ii) Review of annual budgets and the fiscal management of the hospital.
- iii) Establish and maintain an effective hospital wide quality improvement program.

Conduct of meetings

The hospital management board and the sub-committee convene once per quarter in each financial year (For full board meetings a year). However, sometimes it is necessary to occasionally hold special meetings to discuss urgent matters such as crises. The quorum of the meeting is always one third of the members, one who is always the secretary and any two members of the board.

The agendas of the meeting are always drawn by the secretary in consultation with the chairperson. The notification of the meetings is always made at least seven (7) days prior to the meetings and always in line with the schedule of meetings developed by the board at the start of each financial year.

Management Discussion and Analysis

The consideration in restructuring an organization is effective coordination of duties and responsibilities to avoid duplication of tasks and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain skills and expertise in the organization.

Leadership and governance of Lumumba Sub-County Hospital is vested in the Hospital Management Board. The Board is not expected to perform the day-to-day work of the hospital but should see to it that such work is done by over-sighting and delegating tasks and authority to the HMT. The HMT is responsible and accountable to the Chief Officer of Health through the Hospital Management board for its decisions and action.

Clinical/ Operational performance

		<i>FY 2022-2023</i>	<i>FY 2023-2024</i>	<i>FY 2024-2025</i>
<i>Patient attendance; Outpatient and inpatient attendance</i>	<i>Outpatient</i>	25,929	51,268	69,154
	<i>inpatient</i>	2,422	2,581	2,734
<i>Bed Capacity</i>		19	38	38
<i>Accident and Emergency</i>		-	982	1,015

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<i>Special clinic attendance</i>		1,869	1,815	2,178
<i>Average length of stay, inpatient</i>		2 days	2 days	2 days
<i>Bed occupancy Rate</i>		70%	85%	87%
<i>Mortality Rate</i>		4	4	6
<i>Maternity; Deliveries</i>		2,422	2,492	2,642

Financial performance that includes: -

- 1. Revenue sources,*
- 2. Utilization of funds etc*

Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Sustainable construction plays a major role in sustainable development. However, the investment rate in sustainable buildings has decreased in recent years. Social factors are one of the important factors influencing sustainable building development. Findings show that the most important social factors affecting sustainable building development across the world are poor communication and lack of common understanding among stakeholders. Effective communication management, information-sharing, a collaboration between stakeholders, and awareness regarding the benefits of sustainable buildings at an early stage of the project are some of the measures in reducing these barriers (social factors).

ii) Environmental performance

The management has adhered to the national environmental policy of 2013 that aims to provide a framework for an integrated approach to sustainable management of Kenya's environment and natural resources. The management has acquired a modern incinerator as a new environment management tool.

iii) Employee welfare

In Kenya employment is governed by the general law of contract. Employment is basically seen as an individual relationship negotiated by the employee and the employer according to their special needs. Parliament has passed laws specifically dealing with different aspects of the employer-employee relationship. These laws define the terms and conditions of employment. The employment acts include:

Employment Act (cap 514) deals with the health, safety and welfare of an employee.

Employment Act (cap 226) regulation of wages.

Employment Act (cap 229) rules governing wages, housing, leaves and rest

iv Marketplace practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

Not only do you need to pay for what you buy, you should do so in a timely way. If you are dishonest, irresponsible or unethical, you have a virtual obligation to act responsibly to protect the organisation that supplies you.

a) Responsible marketing and advertisement or Responsible engagement with citizens

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

b) Product stewardship or Awareness Creation

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

i) Corporate Social Responsibility / Community Engagements

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

Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services

Results

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

Board of Management

The members of the Board who served during the year are shown on the preliminary page, xxx. During the year, director(s) retired/ resigned, and xxx director (s) was appointed with effect from xxxx date.

Auditors

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

OR

XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, xxx in accordance with 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

.....  PAMELA OLUO

Name

Secretary to the Board



02/07/2025

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

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

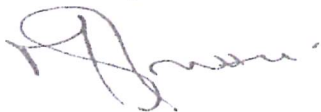
The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:



.....
Name:
Chairperson



.....
Name:
Accounting Officer

MEDICAL SUPERINTENDENT
LUMUMBA SUB-COUNTY HOSPITAL
P.O. Box 486 - 40100
KISUMU

02/12/2025

REPUBLIC OF KENYA

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



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

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

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.
- 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 Lumumba Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 66, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

statement of comparison of budget and actual amounts 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 Lumumba Sub-County Level 4 Hospital - County Government of Kisumu as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Internal Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Depreciation and Amortization Expense

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects an amount of Kshs.12,263,649 in respect of depreciation and amortization expense. However, the asset register provided for audit did not have relevant details such as depreciation rate, annual depreciation, accumulated depreciation and net book values hence, the depreciation charges/expenses for the assets could not be reconciled with the asset register. Further, depreciation and amortization rates were not disclosed in the summary of significant accounting policies in the financial statement.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amounting to Kshs.12,263,649 could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 21 to the financial statement reflects a balance of Kshs.193,361,853 in respect of property, plant and equipment comprising of Kshs.151,787,726 for buildings and civil works, Kshs.4,708,633 for furniture, fittings & office equipment, Kshs.1,022,289 for ICT equipment, and Kshs.35,843,204 for plant and medical equipment. However, review of asset registers provided for audit revealed that they lacked details such as depreciation rate, accumulated depreciation, annual depreciation, and net book values. Further, the net book values recorded in the property, plant and equipment movement schedule in Note 21 to the financial statement could not be reconciled/confirmed with the asset registers.

In addition, review of certificate of official search dated 16 February, 2022 revealed that the land reference No. Kisumu Municipality/Block 9/30 (approximately 0.5569 ha) on which Hospital occupies has not been disclosed and the value incorporated under property, plant and equipment. Review of the title deed provided by Management revealed that the documents were still in the name of the defunct Municipal Council of Kisumu. No explanation was provided on why the land title deed had not been transferred to the Hospital.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.193,361,853 could not be confirmed.

3. Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 22 to the financial statements reflects a balance of Kshs.36,473,122 in respect of trade and other payables which is an increase of 80% from the previous year amount of Kshs.20,207,331. No explanation or reconciliation has been given for the major increase. Further, an examination of the trade creditors aging analysis showed long outstanding trade payables exceeding sixty (60) days amounting to Kshs.36,473,122. No explanation has been provided as to why the bills have not been settled as at 30 June, 2025.

In the circumstances, the obligation to settle the long outstanding payables amounting to Kshs.36,473,122 could not be confirmed.

4. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.11,505,936 in respect of receivables from exchange transactions. Review of the aging analysis revealed that the entire balance has been outstanding for more than one (1) year. The receivables have remained uncollected for over twelve (12) months, and no evidence was provided to demonstrate efforts made by Management to pursue or recover these debts.

In the circumstances, the recoverability of the receivables from exchange transactions balance of 11,505,936 could not be confirmed.

5. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects accumulated surplus of Kshs.20,745,167 while the statement of changes in net assets reflects an amount of Kshs.21,090,693 resulting in unreconciled balance of Kshs.345,526. Further, the net assets reflect Kshs.186,070,600 while the total net assets reflects Kshs.223,587,637 resulting in unreconciled variance of Kshs.37,517,037.

In the circumstances, the accuracy and completeness of the statement of financial position and statement of changes in net assets could not be confirmed.

6. Inaccuracies in Disclosure of FIF and SHA/NHIF

The statement of financial position and as disclosed in Note 8 to the financial statements reflect an amount of Kshs.33,500,882 in respect of revenue from rendering services – medical service income. However, the Receiver of Revenue revealed that the Hospital reported an amount of Kshs.42,427,446, in respect of own source revenue resulting to unreconciled variance of Kshs.8,926,564. It is not clear and management did not explain the reason for the variance. The Hospital operates a Collections Account and any withdrawals are authorized by the Chief Officer - Health. However, the amount of Kshs.8,926,564 variance could be attributed to cash payments, which may have been spent without first being recorded in the Cash Collections Account.

In the circumstances, the accuracy and completeness of own source revenue from FIF and SHIF amounting to Kshs.33,500,882 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget of Kshs.69,880,800 against actual revenue of Kshs.45,525,405 resulting in under-funding amounting to Kshs.24,355,395 or 35% of the revenue budget. Similarly, the Hospital expended Kshs.39,220,613 against a total revenue budget of Kshs.69,880,800 resulting in under-expenditure of Kshs.30,660,187 or 44 % of the budget. The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following eleven (11) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in Comparative Balances
2	2023/2024	Unsupported Property Plant and Equipment
3	2023/2024	Non-disclosure of Intangible Assets
4	2023/2024	Long Outstanding Payables
5	2023/2024	Budget Control and Performance

No.	Financial Year	Audit Issue
6	2023/2024	Failure to Open Facility Improvement Bank Account
7	2023/2024	Failure to Implement e-procurement System
8	2023/2024	Deficiencies in Implementation of Universal Health Coverage
9	2023/2024	Late Remittance of Statutory Deductions
10	2023/2024	Failure to Establish an Audit Committee and Operationalize Internal Audit
11	2023/2024	Failure to Transfer Land Ownership Documents

Other Information

The Management is responsible for the Other Information set out on page v to xxxi which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my 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 USE OF PUBLIC RESOURCES

Conclusion

As required by article 229(6) of the Constitution, based on the audit procedures performed except for the matters described in the basis for conclusion on lawfulness and effectiveness in 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 an effective way.

Basis for Conclusion

1. Late Remittance of Statutory Deduction

Review of payroll records of the Hospital revealed late payment of statutory deductions as tabulated below;

Item	Amount (Kshs.)	Date Remitted
Being payment for NSSF for November 2023	86,010	12/21/2024
Being payment for NHIF for October 2023	20,750	28/08/2024
Being payment for NSSF for September 2023	75,324	28/08/2024

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

2. Non-Compliance with Procurement Act and Regulations

Review of the procurement records and documents provided for audit revealed that Management prepared procurement plan but did not submit the plan to County Executive member for approval. Further, Management did not prepare and submit quarterly procurement reports and there was no disposal plan. This is contrary to Regulation 40 (6) of the Public Procurement and Asset Disposal Regulations 2020 which states that an accounting officer of a procuring entity shall prepare a quarterly report on the implementation of the annual procurement plan and submit it to the Cabinet Secretary or county executive committee member for finance or responsible for the procuring entity or the governing body, as the case may be.

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

3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews undertaken to verify services offered, equipment available, and medical specialists in post revealed that the Hospital does not meet the minimum requirements of the Kenya Quality Model for Health (KQMH) Policy Guidelines. The gaps noted include significant staffing deficits, inadequate equipment, and failure to provide certain essential services.

a. Staffing Gaps

The assessment indicated a 54% deficit against the authorized staffing establishment for a Level 4 Hospital, as shown below:

Staffing Requirement	Level 4 Requirement	In Post	Variance	Percentage %
Medical Officers	16	3	13	81%
Anesthesiologists	2	3	-1	-50%
General Surgeons	2	0	2	100%
Gynecologists	2	1	1	50%
Pediatricians	2	1	1	50%
Radiologists	2	0	2	100%
Registered Community Health Nurses	75	38	37	49%
Total	101	46	55	54%

b. Equipment and Infrastructure Gaps

The Hospital also lacked several essential pieces of equipment and machines required for a Level 4 facility as outlined in the Health Policy Guidelines:

Equipment and Machines	Level 4 Hospital Standard	In Post	Variance	Percentage %
Bed Capacity	150	43	107	71%
Incubators (Newborn)	5	4	1	20%
Cots	5	8	-3	-60%
Functional ICU Beds	6	0	6	100%
HDU Beds	6	0	6	100%
Renal Unit with Dialysis Machines	5	0	5	100%
Functional Operating Theatres Maternity and General	2	1	1	50%

Availability of Key Services

Services Offered	
Surgical	Available
Pediatric	Available
Gynecological	Available
In-patients	Available
Radiology	Available
Renal dialysis	Not available
Tuberculosis management	Available
Mortuary and autopsy services	Not available
Advanced life support	Not available
Caesarian sections and surgical operations	Available

c. Land Size Requirement

The Hospital occupies 0.5569 hectares (\approx 1.38 acres) against a Level 4 requirement of 2 acres, resulting in a shortfall of 0.62 acres (31%). Further, the Hospital does not have ownership documentation for the land, contrary to KQMH requirements on infrastructural documentation. These deficiencies contravene the requirements of the First Schedule of the Health Act, 2017, and undermine the realization of the

constitutional right to the highest attainable standard of health as provided under Article 43(1) of the Constitution of Kenya, 2010.

In the circumstances, the Hospital may not be able to fully deliver on its mandate as a Level 4 facility.

4. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023

Review of procurement records and documents revealed that the Hospital signed and awarded several contracts after 1 September, 2024 to various firms amounting to Kshs.2,272,800. However, the Management did not deduct an amount of Kshs.681.84 the mandatory Capacity Building Levy at the rate of 0.03% of the contract sum from suppliers on procurement contracts signed after 1 September, 2024.

In addition, the entity did not file the mandatory monthly returns to Public Procurement Regulatory Authority, due by the 20th day of the subsequent month, detailing the levy amounts deducted and remitted.

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

5. Lack of Quarterly Inspection of Inventory

Review of the store's records revealed that Management did not carry out quarterly inspection of the stores contrary to Regulation 162 (2) of the Public Procurement and asset disposal Regulations of 2015 which states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer.

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

6. Non-Compliance with Facility Improvement Financing Act, 2023

Review of revenue records maintained in the Hospital revealed that FIF revenues were deposited into general county revenue accounts instead of the mandated facility-level FIF bank accounts contrary to Section 5(2) of the Facility Improvement Financing Act, 2023 which states that there shall be opened a facility improvement financing account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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 are in compliance, 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 matters described in the basis for conclusion on effectiveness of internal controls, risk management and governance section of my report I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Policy Documents

Review of the documents and records of the Hospital revealed that the Hospital does not have in place a Strategic plan, risk management policy, disaster management and recovery policy and ICT Policy. This may lead to failure to prevent or detect risk as well as weak internal controls.

In the circumstances, failure to have policy documents results to ineffective and inefficient governance and weak internal controls in the Hospital.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, 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 the Management is aware of the intention to terminate the Hospital or cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 23/24
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6.	0	4,079,318
In- kind contributions from the County Government	7.	1,288,494	0
Transfers from other Government entities	8.	33,577,511	11,226,599
		34,866,005	15,305,917
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9.	33,500,882	6,398,723
Revenue from rent of facilities	10.	480,000	359,470
Miscellaneous Income	11.	3,382,543	1,548,696
Revenue from exchange transactions		37,363,425	8,306,889
Total revenue		72,229,430	23,612,806
Expenses			
Medical/Clinical costs	12.	19,376,355	10,435,291
Employee costs	13.	7,489,164	3,774,977
Board of Management Expenses	14.	269,000	185,000
Depreciation and amortization expense	15.	12,263,649	0
Repairs and maintenance	16.	751,643	380,963
General expenses	17.	11,334,452	8,491,049
Total expenses		51,484,263	23,267,280
Other gains/(losses)			
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		20,745,167	345,526

Lumumba Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The Hospital's financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:



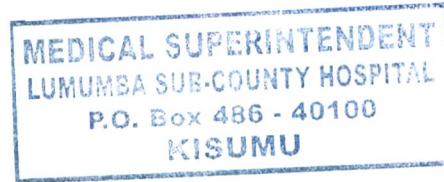
.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:

 PAMELA ULIKA

.....
Medical Superintendent



02/12/2025

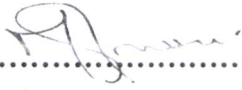
Statement of Financial Position As At 30th June 2025

Description	Note	FY 2024/2025	FY 23/24
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18.	10,173,642	4,688,676
Receivables from exchange transactions	19.	11,505,936	10,424,690
Inventories	20.	7,502,291.52	2,310,933
Total Current Assets		29,181,869.52	17,424,299
Non-current assets			
Property, plant, and equipment	21.	193,361,852.52	205,625,502
Total Non-current Assets		193,361,852.52	205,625,502
Total assets (A)		222,543,722.04	223,049,801
Liabilities			
Current liabilities			
Trade and other payables	22.	36,473,122	20,207,331
Total Current Liabilities		36,473,122	20,207,331
Non-current liabilities			
Total non-current liabilities		0	0
Total Liabilities (B)		36,473,122	20,207,331
Net assets (A-B)		186,070,600.04	202,842,470
Represented by:			
Accumulated surplus/Deficit		20,745,167.23	345,526
Capital Fund		202,496,944	202,496,944
Net Assets		222,543,722.04	223,049,801

*Capital fund. A fund balance remaining after all the liabilities have been deducted from assets.

Lumumba Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The Hospital's financial statements were approved by the Board on 07/06/25 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



.....
Medical Superintendent

MEDICAL SUPERINTENDENT
LUMUMBA SUB-COUNTY HOSPITAL
P.O. Box 486 - 40100
KISUMU

07/06/2025

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 (previous year)	0	9,558,898.5	219,921,274	229,480,172.5
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	345,526	-	345,526
Capital/Development grants	-	-	202,496,944	202,496,944
As at June 30, 2024 (previous year)	0	345,526	202,496,944	202,842,470
At July 1, 2024 (current year)	0	345,526	202,496,944	202,842,470
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	20,745,167	-	20,745,167
Capital/Development grants	-	-		
At June 30, 2025 (current year)	0	21,090,693	202,496,944	223,587,637

**Capital fund. A fund balance remaining after all the liabilities have been deducted from assets.*

Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY	FY 23/24
		2024/2025	
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6.	0	4,079,318
Transfers from other Government entities	8.	33,577,511	11,226,599
Rendering of services- Medical Service Income	9.	8,085,352	6,398,723
Revenue from rent of facilities	10.	480,000	359,470
Miscellaneous receipts(Direct, PHO, Reim)	11.	3,382,543	1,548,696
Total Receipts		45,525,406	23,612,806
Payments			
Medical/Clinical costs	12.	19,376,355	10,435,291
Employee costs	13.	7,489,164	3,774,977
Board of Management Expenses	14.	269,000	185,000
Repairs and maintenance	16.	751,643	380,963
General expenses	17.	11,334,452	8,491,049
Total Payments		39,220,614	23,267,280
Net cash flows from operating activities		6,304,792	3,127,445
Cash flows from investing activities			
Purchase of property, plant, equipment		(819,826)	(566,500)
Net cash flows used in investing activities		(819,826)	(566,500)
Cash flows from financing activities			
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		5,484,966	(220,974)
Cash and cash equivalents as at 1 July	18.	4,688,676	4,909,650
Cash and cash equivalents as at 30 June	18.	10,173,642	4,688,676

Lumumba Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	0	0	0	0	%
Receipts						
Transfers from the County Government	2,800,000	0	2,800,000	0	2,800,000	0 %
Transfers from other Government entities	3,800,000	0	3,800,000	33,577,511	(29,777,511)	884 %
Rendering of services- Medical Service Income	63,280,800	0	63,280,800	8,085,352	55,195,448	13 %
Revenue from rent of facilities	0	0	0	480,000	(480,000)	-
Miscellaneous receipts (<i>specify</i>)	0	0	0	3,382,543	(3,382,543)	-
Total receipts	69,880,800	0	69,880,800	45,525,406	24,355,394	66 %
Payments						
Medical/Clinical costs	47,028,625	0	47,028,625	19,376,355	27,652,270	41 %
Employee costs	7,296,000	0	7,296,000	7,489,164	(193,164)	103 %
Remuneration of directors	360,000	0	360,000	269,000	91,000	75 %
Repairs and maintenance	672,100	0	672,100	751,643	(79,543)	112 %
General expenses	17,213,650	0	17,213,650	11,334,452	5,879,199	66 %
Total Operational Expenditure paid	72,570,375	0	72,570,375	39,220,614	33,349,762	54 %
Capital Expenditure paid	5,514,656	0	5,514,656	819,826	4,694,830	15 %
Surplus	(8,204,231)	0	(8,204,231)	5,484,966	(13,689,197)	(67) %

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	5,484,966.30
1	Reason for differences (Balance B/F from the preceding Financial Year)	4,688,675.70
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	10,173,642

Notes to the Financial Statements

1. General Information

Lumumba Sub-County Hospital entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kisumu County in Kenya. The entity's principal activity is Health care.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

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

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them

accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

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

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 Note xxx. 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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance* KShs	to of deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	0	0	0	0	4,079,318
Total	0	0	0	0	4,079,318

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 23/24
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	1,288,494	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
Total grants in kind	1,288,494	0

8. Transfers From Other Government Entities

Description	FY 2024/2025	FY 23/24
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from (SHA & NHIF) National Hospital	33,218,944	11,043,021
Transfer from TIKO/STATE DEPARTMENT	346,050	
Transfer from MARWA Institute	12,517	183,578
Total Transfers	33,577,511	11,226,599

Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Pharmaceuticals	1,505,700	973,813
Laboratory	2,704,200	2,587,600
Radiology	395,700	1,003,400
Orthopedic and Trauma Technology	2,900	2800
Theatre	68,700	33,500
Records Department	1,190,290	1,175,240
Public health	83,500	43,100
Physiotherapy	138,000	12,795
Ear Nose and Throat service	650	0
Occupational therapy	116,550	134,050
Dental services	22,700	0
Reproductive health/Maternity	476,050	0
Paediatrics services	44,680	0
Ambulance services	1,000	0
Medical examination	80,600	107,300
Others (<i>male/female ward, MCH, Misc, Outpatient, revolving drug</i>)	26,669,662	325,125
Total revenue from the rendering of services	33,500,882	6,398,723

Notes to the Financial Statements (Continued)

10. Revenue From Rent of Facilities

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Residential property	480,000	359,470
Total Revenue from rent of facilities	480,000	359,470

* Revenue from a research institute renting a building within the Hospital premises

11. Miscellaneous Income

Description	FY 2024/2025	FY 23/24
	KShs	KShs
<i>Others (Pho, Direct, Extra)</i>	3,382,543	1,548,696
Total Miscellaneous income	3,382,543	1,548,696

12. Medical/ Clinical Costs

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Laboratory chemicals and reagents	3,683,914	1,859,500
Food and Ration	3,144,725	2,859,824
Uniform, clothing, and linen	170,000	0
Dressing and Non-Pharmaceuticals	3,548,555	1,630,370
Pharmaceutical supplies	6,031,384	2,569,038
Health information stationery	1,569,418	557,431
Sanitary and cleansing Materials	973,859	675,101
Purchase of Medical gases	254,500	97,500
X-Ray/Radiology supplies	0	186,527
Total medical/ clinical costs	19,376,355	10,435,291

13. Employee Costs

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Salaries, wages, and allowances	7,307,080	3,297,451
Contributions to pension schemes	161,334	336,286
Staff medical expenses and Insurance cover	20,750	141,240
Employee costs	7,489,164	3,774,977

14. Board of Management Expenses

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Sitting allowance	269,000	185,000
Total	269,000	185,000

15. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Property, plant and equipment	12,263,649	22,723,271
Total depreciation and amortization	12,263,649	22,723,271

16. Repairs And Maintenance

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Property- Buildings	0	135,275
Medical equipment (Plant & Machinery)	751,643	245,688
Total repairs and maintenance	751,643	380,963

Notes to the Financial Statements (Continued)

17. General Expenses

Description	FY 2024/2025	FY 23/24
	Kshs	Kshs
Catering expenses	0	49,137
Domestic taxes	72,124	64,440
Bank charges	23,460	10,495
Contracted services	3,734,360	1,905,555
Electricity expenses	2,650,000	2,408,080
Fuel and Lubricants	367,510	314,765
Travel and accommodation allowance	179,400	275,200
Printing and stationery	2,358,098	2,031,377
Fuel for production	49,500	95,000
Water and sewerage costs	1,800,000	1,100,000
Telephone and mobile phone services	100,000	237,000
Total General Expenses	11,334,452	8,491,049

18. Cash And Cash Equivalents

Description	FY 2024/2025	FY 23/24
	KShs	KShs
Current accounts	10,173,642	4,688,676
Total cash and cash equivalents	10,173,642	4,688,676

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

Description		FY 2024/2025	FY 23/24
Financial institution	Account number	KShs	KShs
a) Current account			
CO-OPERATIVE BANK	01141495252200	10,173,642	4,688,676
Sub- total		10,173,642	4,688,676
Grand total		10,173,642	4,688,676

19. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 23/24
	KShs	KShs
Medical services receivables	11,505,936	6,491,371
Total receivables	11,505,936	6,491,371

- *The preceding financial year had the receivable amount kshs 6,491,371 changed to kshs 6,014,819 which has been used to calculate the current financial year receivables.*

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 23/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0%	4,409,871	42.3 %
Between 1- 2 years	5,448,210	47 %	5,386,751	51.7 %
Between 2-3 years	6,057,726	53 %	628,068	6 %
Total (a+b)	11,505,936	100 %	10,424,690	100 %

20. Inventories

Description	FY 2024/2025	FY 23/24
	KShs	KShs
Pharmaceutical supplies	3,436,350	1,303,319
Laboratory supplies	888,740	179,022
Food supplies	172,383	172,333
Non-pharmaceutical supplies	3,004,819	656,259
Total	7,502,292	2,310,933

Detailed disclosure on inventories

	FY 2024/2025	FY 23/24
Opening balance	2,310,933	1,433,283
Additional Inventory in the year	7,502,292	2,310,933
Inventory expensed in the year	(2,310,933)	(1,433,283)
Closing balance	7,502,292	2,310,933

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Notes to the Financial Statements (Continued)

21. 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 July 2023 (previous year)	0	180,699,674	0	5,400,950	1,181,000	41,067,149	0	0	228,348,773
Additions	0	0	0	157,241	101,361	827,898	0	0	1,086,500
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
At 30th Jun 2024	0	180,699,674	0	5,558,191	1,282,361	41,895,047	0	0	229,435,273
At 1 July 2024 (current year)	0	180,699,674	0	5,558,191	1,282,361	41,895,047	0	0	229,435,273
Additions	0	0	0	240,000	383,275	196,551	0	0	819,826
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	-	0
At 30th Jun 2025	0	180,699,674	0	5,798,191	1,665,636	42,091,598	0	0	230,255,099
Depreciation and impairment									

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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 1 July 2023 (previous year)	0	180,699,674	0	5,400,950	1,181,000	41,067,149	0	0	228,348,773
Depreciation for the year	0	(22,587,459)	0	(19,655)	(12,670)	(103,487)	0	-	(22,723,271)
Disposals	0	0	0	0	0	0	0	-	0
Impairment	0	0	0	0	0	0	0	-	0
At 30 June 2024	0	158,112,215	0	5,381,295	1,168,330	40,963,662	0	-	205,625,502
At 1 July 2024 (current year)	0	158,112,215	0	5,381,295	1,168,330	40,963,662	0	-	205,625,502
Depreciation	0	(6,324,489)	0	(672,662)	(146,041)	(5,120,457)	0	-	(12,263,649)
Disposals	0	0	0	0	0	0	0	-	0
Impairment	0	0	0	0	0	0	0	-	0
Transfer/adjustment	0	0	-	0	-	-	0		0
At 30th June 2025	0	151,787,726	0	4,708,633	1,022,289	35,843,205	0	-	193,361,853
Net book values									
At 30 th June 2024 (previous)	0	158,112,215	0	5,381,295	1,168,330	40,963,662	0	-	205,625,502
At 30 th June 2025 (current)	0	151,787,726	0	4,708,633	1,022,289	35,843,205	0	-	193,361,853

Notes to the Financial Statements (Continued)

22. Trade and other Payables

Description	FY 2024/2025		FY 23/24	
	KShs		KShs	
Trade payables	32,108,222		17,771,531	
Employee dues	4,364,900		2,310,000	
Third-party payments (e.g. unremitted payroll deductions)	0		125800	
Total trade and other payables	36,473,122		20,207,331	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	0	0 %	0	%
1-2 years	4,364,900	12 %	17,771,531	88 %
2-3 years	32,108,222	88 %	2,435,800	12 %
Total	36,473,122	100 %	20,207,331	100 %

Notes to the Financial Statements (Continued)

23. Financial Risk Management

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

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

(i) Credit risk

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

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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.

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

24. 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.

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

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

24. Segment Information

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

25. Contingent Liabilities

26. Events after the Reporting Period

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

27. Ultimate and Holding Entity

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

28. Currency

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

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.	Inaccuracies in comparative Balances	The management has corrected the inaccuracies in the current financial year ending 30th June 2025	Resolved	
2.	Unsupported Property, Plant and Equipment	The management provides a certificate of completion amounting to Ksh. 180,699,674	Resolved	
3.	Non-Disclosure of Intangible Assets	The intangible asset Funsoft was disclosed in the asset register.	Resolved	
4.	Long Outstanding Payables	The management has paid part of the pending payables and budget for the same in the current financial year ending 30th June 2026	Not resolved	2yrs
*	Budgetary Control and Performance	The management agreed that there was under funding that affected the planned activities.	Not resolved	2yrs
1.	Failure to open Facility Improvement Bank Account	The chief officer health has issued authority to open the FIF bank account	Resolved	
2.	Failure to implement E-Procurement system	The IFMIS system had not been rolled out yet to facility	Resolved	

Lumumba Sub-County Hospital (Kisumu County Government)
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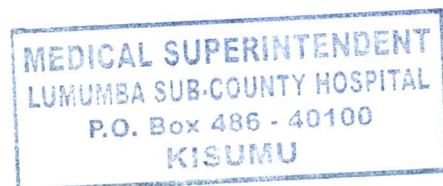
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Deficiencies in implementation of Universal Health Coverage (UHC)	The County department of health has posted some staffs to bridge the gap	Not resolved	2yrs
4.	Late remittance of statutory deductions	Up to date	Resolved	
*1	Failure to establish an Audit Committee and Operationalize Internal Audit	Audit committee in place and internal audit done	Resolved	
*2	Failure to transfer Land Ownership Documents.	The management has written to the department of land to help in the survey of the hospital land	Not resolved	2yrs

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

[Handwritten Signature]

Accounting Officer



[Handwritten Signature]

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments