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THE AUDITOR-GENERAL

ON

OGONGO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

PAPERS LAID	
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COMMITTEE	
CLERK AT THE TABLE	May

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Ogongo Level Four Hospital
(Homabay County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
CO	Clinical Officer
HRIO	Health Records Information Officer
HAO	Hospital Administrative Officer
CHEW	Community Health Worker
UHC	Universal Health Care
NHIF	National Health Insurance Fund
SHIF	Social Health Insurance Fund
QIT	Quality Improvement Team
BOM	Board of Management
PHO	Public Health Officer
MOH	Ministry of Health
PFM	Public Finance Management
SACHAO	Senior Assistant Chief Health Administrative Officer
F.I. F	Facility Improvement Fund
SPA	Special Purpose Account

2. Key Entity Information and Management

(a) Background information

Ogongo Level Four Hospital is a level (4) hospital established under gazette notice number 13505 on November 4, 2022 and is domiciled in Homabay County under the Ministry of Health Department. The entity is completely owned by the County Government of Homa Bay and is based in Kenya. The hospital is governed by a Board of Management.

The entity's goal is to become a well-established institution that provides high-quality, efficient integrated medical care services as well as training for competent healthcare workers. The entity's primary activity is to provide high-quality, integrated medical care services that are accessible and affordable, as well as to create an atmosphere that encourages active engagement in the provision of high-quality medical care services

(b) Principal Activities

The principal activities of the entity are to:

- i. Provide affordable and accessible universal health coverage
- ii. Modernize infrastructure, machinery, and equipment
- iii. Attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop a facility health management information system

(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
- Hospital Management Team

(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	Mr. John Kichana Ochieng
2.	Head of finance and Accounts	CPA. Pamela Akinyi Kingi
3.	Health Administrative Officer	Ms. Meryl Mwonya
4.	Head of Nursing	Ms. Mercy Ojwang

(e) Fiduciary Oversight Arrangements

The Hospital management through the Homabay County Finance Act 2023, realize the value of sound organizational monitoring. Because of the growing number of lawsuits, trustees must guarantee that their organizations take aggressive steps to protect themselves and the individuals they serve. Ogongo Level 4 Hospital, as a government entity, has formed various committees to provide effective fiduciary oversight.

i. Quality Improvement Team (QIT)

Quality Improvement Team is a team taking the lead to implement quality improvement activities. Group of multi-skilled employees charged with responsibilities of improving processes or services. The team includes top and middle management members to coordinate initial planning and implementation.

The members include:

- a. Mr. John Kichana Ochieng (RCO I/C) -Chairperson
- b. Ms Roseline Opiyo (Laboratory Manager) – Secretary
- c. Ms. Mercy Ojwang (Nursing Officer in Charge)
- d. Ms Patricia Odhiambo (Pharmacy in Charge)
- e. Ms. Carol Hawalla - (Nutritionist)

ii. Audit committee

The audit is majorly overseen by the internal auditors from the Ministry of Health department. They check our vouching, Revenue administration, and Procurement systems and advise accordingly

iii. Maternal and Perinatal Death and Surveillance Response(MPDSR)

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future.

The members are:

- a. Mr. John Kichana Ochieng (RCO I/C) – Chairperson
- b. Ms. Mercy Ojwang (Nursing Officer In Charge) – Secretary
- c. Mrs. Millicent Amayo(HRIO)
- d. Ms.Roseline Opiyo(Lab Manager)
- e. Mr. George Ndumbu (PHO)
- f. Ms. Patricia Odhiambo(Pharm in Charge)

iv. **Billing and Waiver Committee**

The billing and waiver committee is responsible for tracking patient bills to ensure that correct bills are paid and those unable to pay are waived in line with the government policy.

The members are:

- a. Ms. Mercy Ojwang(Nursing Officer) – Chairperson
- b. Mr. George Ndumbu (PHO)- Secretary
- c. Mrs Pamela Kingi (Accountant)-Member

v. **Emergency Response Team**

Hospital Emergency Response Teams (HERT) are comprised of multiple disciplines and specialties that activate and respond during emergencies. The team is responsible for the Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, Ogongo Level Four Hospital (Homa Bay County Government) Annual Report and Financial Statements for The Year Ended 30th June 2023 v decontamination, detection & monitoring, and movement of patients into the facility or onto other definitive medical care. The members are:

- i. Mr.John Kichana Ochieng(RCO I/C) – Chairperson
- ii. Ms. Mercy Ojwang (Nursing Officer in Charge) – Secretary
- iii. Ms Meryl Mwonya (Health Administrator Officer)
- iv. Ms Patricia Odhiambo (Pharm in Charge))
- v. Ms. Carol Hawalla - (Nutritionist)

vi. Hospital Management Team

Oversight roles and resource mobilization to the facility

vii. Medicines and Therapeutic Committee

The Medicines and Therapeutics Committee (MTC) is a multidisciplinary committee tasked with overseeing policies and procedures governing all areas of drug and other HPT use. Drugs and Therapeutics Committees (MTCs) are formed in hospitals to improve the prescribing and administration of drugs. Its significance is evident in a variety of contexts, including the drug selection process, cost-effectiveness, and drug loss control. Overall, MTCs have played a significant role in promoting, managing, and teaching individuals about sensible drug use. This is especially evident in demonstrating how the presence of MTCs in hospitals would improve patient health outcomes while lowering overall drug costs.

Members are:

- a. Mr. John Kichana Ochieng (RCO I/C) - Chairperson
- b. Ms. Roseline Opiyo (Laboratory Manager) – Secretary
- c. Ms. Mercy Ojwang (Nursing Officer in Charge)
- d. Ms. Patricia Odhiambo (Pharm in Charge)
- e. Ms. Carol Hawalla - (Nutritionist)
- f. Ms. Meryl Mwonya (Health Administrative Officer)

viii. County Assembly

They also play their oversight roles by discussing ward allocations and checking on their usage whether the funds are well utilised under the Health Committee in the County Assembly

ix. Finance Committee

Goes through departmental budget proposals and ensures the allocations are done in consideration of priorities and on a need basis.

Key Entity Information and Management (continued)

(f) Entity Headquarters

Ogongo Level 4 Hospital,
P.O. Box 20.40323
Ogongo Level 4 Hospital Building,
Homa Bay-Mbita Road
Ogongo, Kenya

(g) Entity Contacts

Telephone: (+254) 735 605 913
E-mail: ogongolevelfour@gmail.com
Website: www.homabay.go.ke

(h) Entity Bankers

Cooperative Bank Kenya
P.O Box 48231-00100,
Nairobi, 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





Homa Bay County Attorney,
P.O. Box. 469
Homa Bay, Kenya

3. The Board of Management

Ref	Directors	Details
1.	Chairman	Joel Odii Retired head teacher
2.	Secretary	John Ochieng Kichana Facility Incharge
3.	Member	Orwa Penina Alice Women Group Representative
4.	Member	Odhiambo Everline Rep Faith based groups
5.	Member	Mboya Sephas Rep the Youths
6.	Member	Opole Oando David Community Representative
7.	Member	Zachary opiyo Representing. the Disabled
8.	Member	Otiato Salmon Ward Admin
9.	Member	George Ndumbu Sub County Public Health Officer

4. Key Management Team

Ref	Management	Details
1.	 John Ochieng Kichana	Facility in charge/head of clinical Diploma in clinical medicine and surgery
2.	 Meryl Mwonya	Health Administrative Officer Bachelor of Business Administration (Supply Chain Option)
3.	 Pamela Akinyi Kingi	Head Of Finance/Accounts Bachelor of Commerce (Finance Option) Certified Public Accountant of Kenya

4.	 Carol Hawalla	Nutritionist Diploma in Human nutrition and Dietetics
5.	 Millicent Achieng Amayo	Health records and information officer Certificate in Health records and information
6.	 George Otieno Ndumbu	Public Health Officer Diploma in Environmental Health Sciences
7.	 Mercy Akinyi Ojwang	Incharge Nursing officer Bachelor of Science -Nursing

5. Chairman's Statement

On behalf of the Board of Management, I am honoured to present the Chairman's Statement for Ogongo Level 4 Hospital for the financial year ended 30th June 2025. The year under review has been one of encouraging progress, marked by strong financial growth, expansion in service delivery, and firm steps taken towards long-term sustainability. While challenges remain, the overall performance of the hospital demonstrates resilience, prudent management, and an unwavering commitment to serving our community.

The financial results reflect significant growth. The hospital achieved a surplus of Kshs. 16.4 million, up from Kshs.0.5. million loss in the previous year. Total revenue rose to Kshs. 59.4 million compared to Kshs. 12.5 million in 2023/2024, largely supported by inkind contributions from the County Government, income from medical services, and an exceptional increase in miscellaneous receipts. Total expenditure increased to Kshs. 43 million, reflecting higher clinical costs, employee expenses, and infrastructure maintenance. Despite this, assets grew strongly to Kshs. 25.6 million from Kshs. 9.7 million last year, with net assets reaching Kshs. 21.5 million. This solid balance sheet is an assurance that resources are being managed with accountability and directed toward improving patient care.

Equally important is the hospital's performance in service delivery. Over the year, we attended to approximately 6,700 patients, reflecting the trust placed in us by the surrounding community. Our 60-bed facility operated at a bed occupancy rate of between 70 and 80 percent, with patients staying an average of three to four days. The hospital maintained a low mortality rate of 2 percent, an indicator of the dedication and professionalism of our staff. Specialized clinics have continued to grow in relevance, expanding access to care and reducing the need for patients to travel long distances for treatment. At the same time, our accident and emergency department and theatre services remain underutilized, highlighting areas where greater investment, equipment, and staffing will be required in the future.

The year also presented several challenges that cannot be overlooked. Demand for healthcare services continues to expand at a pace that outstrips available funding and resources. Human resource gaps persist, with existing staff often overstretched, while the costs of maintenance rose significantly, pointing to the need for durable, long-term infrastructure solutions. These challenges

are not unique to Ogongo but are shared across many county health facilities. What is clear is that to sustain growth and meet rising patient expectations, continued investment in staffing, infrastructure, and modern equipment will be essential.


Looking to the future, the Board is committed to addressing these challenges while consolidating the gains made. Our priorities include upgrading the hospital's theatre and diagnostic capacity, investing in modern technology to improve patient management and record-keeping, and strengthening partnerships that can provide both financial and technical support. We will continue to work closely with the County Government to expand staffing levels and to enhance training opportunities for our medical teams. At the same time, financial sustainability will remain central to our strategy. Efforts will be made to diversify revenue sources, improve billing efficiency, and expand specialized services that generate additional income while meeting pressing community health needs.

Preventive and promotive health will also be a key focus in the coming years. The hospital recognizes that good health begins in the community, and by expanding outreach and education programs we can help reduce preventable illnesses and lessen the burden on inpatient services. This approach not only improves the well-being of the population but also allows the hospital to direct more resources toward patients requiring critical care.

The achievements of the past year would not have been possible without the support of many. I take this opportunity to thank the County Government of Homabay for its continued support and commitment to improving healthcare services. I extend my appreciation to the management and staff of Ogongo Level 4 Hospital for their tireless work, often in difficult conditions, but always with professionalism and compassion. Finally, I express gratitude to the patients and families who continue to trust us with their care. Their confidence inspires us to do better and to remain faithful to our mission of delivering quality healthcare to all.

In summary, the year ended 30th June 2025 has demonstrated that Ogongo Level 4 Hospital is moving in the right direction. With sound financial performance, growing patient numbers, and a clear plan for the future, the hospital is well positioned to become a stronger and more reliable pillar of healthcare in Homabay County. The Board remains confident that, with continued support and

dedication, the hospital will build on these achievements and secure a brighter, healthier future for the community it serves.


Name JOEL ODII
Chairman to the Board

6. Report of The Medical Superintendent

It is with honour and a profound sense of duty that I present the Medical Superintendent's Report for Ogongo Level 4 Hospital for the financial year ended 30th June 2025. This report highlights our operational, clinical, and administrative performance during the year, and provides an overview of the challenges encountered as well as the strategies we are pursuing to strengthen the institution's role as a leading healthcare provider in Homabay County.

The year under review was characterized by significant growth, both financially and clinically. The hospital reported a net surplus of Kshs. 16.4 million, up from Kshs. 5.7 million in the previous year. Total revenue grew to Kshs. 59.4 million compared to Kshs. 9.7 million in FY 2023/2024. This increase was supported by sustained in-kind contributions from the County Government, internally generated revenue from user fees and medical services, and a marked increase in miscellaneous income streams. Expenditure amounted to Kshs. 43 million, reflecting the higher costs of pharmaceuticals, consumables, staffing, and essential maintenance. Our balance sheet remains strong, with total assets standing at Kshs. 25.9 million and net assets at Kshs. 21.6 million. This financial stability underpins the hospital's ability to continue investing in patient care and infrastructure improvement.

In terms of service delivery, the hospital attended to approximately 6,700 patients across its various service points. The 60-bed facility operated at an average bed occupancy rate of 70–80 percent, with an average length of stay (ALOS) of 3–4 days, which compares favourably with national benchmarks for secondary-level facilities. Patient throughput was generally efficient, with improved admission and discharge processes that minimized unnecessary delays. Importantly, the hospital recorded a case fatality rate of 2 percent, reflecting effective clinical interventions and adherence to evidence-based protocols. These outcomes are a testament to the commitment of our medical, nursing, and allied health staff, whose dedication continues to be the cornerstone of our service delivery.

Specialized outpatient clinics continued to expand during the year, offering a continuum of care for patients with chronic conditions such as hypertension, diabetes, and HIV/AIDS, as well as maternal and child health services. These clinics have played a pivotal role in decongesting inpatient wards, enhancing follow-up care, and ensuring that patients receive timely and targeted interventions. The

accident and emergency department, while underutilized, remains a strategic area for development. Strengthening this unit through additional staffing, resuscitation equipment, and triage systems will allow the hospital to provide more comprehensive emergency and trauma care. Our theatre services also remain below optimal utilization due to equipment gaps and limited surgical personnel. Expanding surgical capacity will be a priority in the coming years to reduce referral burdens and improve access to essential and elective surgeries within the county.

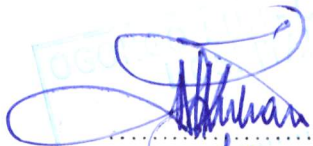
Human resources for health remain a critical challenge. While the existing workforce has shown resilience and professionalism, staffing levels are not adequate to fully meet the increasing patient load and the growing demand for specialized services. The hospital continues to rely heavily on a small cadre of clinical officers, nurses, and support staff who are overstretched. The absence of certain specialists—such as anesthetists, obstetricians, and surgeons—limits the scope of procedures that can be undertaken at the facility. Continuous medical education (CME), on-the-job training, and mentorship remain central to ensuring that staff are aligned with best practices and evolving clinical standards, but these efforts must be supplemented with deliberate recruitment and retention strategies.

Infrastructure and equipment are equally pressing concerns. The hospital spent Kshs. 3.3 million on repairs and maintenance during the year, largely on aging infrastructure and recurrent breakdowns of medical equipment. While these interventions have kept services running, they highlight the urgent need for preventive maintenance programs and capital investment in modern, durable equipment. Without these, recurrent costs will continue to rise and service interruptions will persist. Plans are underway to modernize diagnostic capacity through the acquisition of ultrasound, laboratory, and imaging equipment, which will significantly improve the hospital's ability to provide timely and accurate diagnoses.

Looking forward, the hospital has set out a strategic plan to consolidate gains and address the identified gaps. Priorities for the coming years include scaling up clinical governance frameworks to strengthen patient safety and accountability, expanding surgical and diagnostic services, adopting electronic medical records to streamline patient management, and reinforcing supply chain systems to ensure consistent availability of essential medicines and consumables. Furthermore, the hospital will intensify its focus on preventive and promotive health, working closely with community health

units to address maternal and child health, immunization coverage, and the rising burden of non-communicable diseases. By emphasizing community-based interventions, we aim to reduce preventable admissions and align with the national Universal Health Coverage (UHC) agenda.

In conclusion, the progress achieved during the year would not have been possible without the collective efforts of many. I acknowledge with gratitude the County Government of Homabay for its continued financial and policy support, the Board of Management for its oversight, and our staff for their professionalism, resilience, and compassion. Most importantly, I thank the patients and communities we serve for their trust and confidence in Ogongo Level 4 Hospital. As we build on this year's successes, we remain committed to providing safe, accessible, and quality healthcare to all, guided by principles of efficiency, accountability, and patient-centered care.



Name John Njirani
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Ogongo Level 4 Hospital has identified four strategic pillars within the current Strategic Plan for the FY 2024/2025. These strategic pillars are as follows:

1. Infrastructure Development
2. Quality Healthcare Services
3. Community Engagement and Outreach
4. Staff Development and Welfare

Ogongo Level 4 Hospital develops its annual work plans based on these four pillars. Assessment of the Board's performance against its annual work plan is conducted 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 table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure Development	Enhance facility infrastructure to improve service delivery	Number of infrastructure projects completed	Renovation of outpatient block, procurement of essential equipment, expansion of laboratory space	Successfully completed 2 renovation projects; procured diagnostic equipment; increased functional equipment uptime to 95%
Quality Healthcare Services	Improve the quality of healthcare services provided	Patient satisfaction scores, availability of essential	Strengthened drug supply chain, routine quality audits, patient feedback surveys	Patient satisfaction score improved to 82% (from 74%); essential

		drugs, compliance with health policies		drugs available 90% of the time; achieved full compliance with Ministry of Health inspection requirements
Community Engagement and Outreach	Increase community involvement and access to healthcare services	Number of community outreach programs, NHIF/SHA uptake rates	Conducted mobile clinics, health education campaigns, and NHIF/SHA sensitization drives	12 outreach programs conducted across sub-locations; NHIF/SHA enrolment among patients rose by 15%
Staff Development and Welfare	Enhance staff capacity and welfare to improve service delivery	Staff training sessions, staff satisfaction scores	Organized in-service training, Continuous Medical Education (CME) sessions, and staff welfare initiatives	8 training sessions held; 30 CME forums conducted; staff satisfaction improved to 78% (up from 65%)

8. Corporate Governance Statement

The Board of Management of Ogongo Level 4 Hospital recognizes that strong corporate governance is the cornerstone of sustainable growth, accountability, and improved service delivery. As a public health institution under the County Government of Homabay, we are committed to maintaining the highest standards of governance, transparency, and integrity in the discharge of our mandate. This statement outlines the governance practices adopted by the hospital during the financial year ended 30th June 2025.

Appointment of Board Members

Board members are appointed in accordance with the Public Appointments (County Assemblies Approval) Act, 2017 and the County Government Act, 2012. Members are nominated by the County Executive Committee for Health and vetted by the County Assembly before appointment by the Governor. The process is guided by the principles of merit, competence, gender equity, inclusivity, and regional balance. Removal of directors is conducted in line with the Public Finance Management Act and the hospital's governing instruments. The Board currently comprises individuals with diverse expertise in medicine, finance, administration, law, and community leadership, ensuring representation of varied demographics. A Board Charter, adopted in 2022, sets out the mandate, powers, and responsibilities of the Board and provides the framework for governance.

Roles and Functions of the Board

The Board is responsible for the overall strategic direction of the hospital. Its key functions include approving budgets and work plans, overseeing financial performance, ensuring compliance with legal and regulatory requirements, safeguarding assets, approving policies, and monitoring service delivery outcomes. The Board delegates day-to-day management to the Medical Superintendent and the management team but retains oversight to ensure alignment with strategic objectives.

Induction, Training, and Development

Newly appointed members undergo a structured induction program that familiarizes them with the hospital's operations, policies, and obligations. Continuous professional development is encouraged through workshops and training on governance, health sector reforms, financial management, and emerging issues such as digital health and risk management.

Board and Members' Performance

Board performance is reviewed annually through self-assessment and peer evaluation mechanisms. The evaluation focuses on governance effectiveness, decision-making, financial stewardship, and alignment with the hospital's strategic plan. The performance of individual members is also assessed in terms of participation, preparedness, and contribution to Board discussions.

Board Meetings and Attendance

During the year, the Board held two (2) regular meetings and in the two (1) . Attendance was consistently high, with over 85% of members present in each sitting, reflecting the commitment of members to their oversight role. Attendance registers are maintained and form part of the governance audit trail.

Succession Planning

The Board has adopted a succession plan to ensure continuity in governance and leadership. The plan outlines procedures for the orderly replacement of members, the Medical Superintendent, and senior managers to mitigate risks associated with leadership transitions.

Conflict of Interest

A formal policy on managing conflict of interest is in place. Board members are required to declare any interests at the start of each meeting, and such disclosures are recorded in the minutes. Members with conflicts are recused from deliberations and decisions on the affected matter.

Board Remuneration

Board members receive allowances and remuneration as prescribed by the Salaries and Remuneration Commission (SRC). These are structured to recognize the members' responsibilities while safeguarding public resources. There are no additional benefits or performance bonuses payable to Board members.

Ethics and Conduct

The Board upholds high ethical standards and requires all members to adhere to the Leadership and Integrity Act, 2012. A Code of Conduct guides decision-making and interactions, ensuring integrity, accountability, and fairness. Any breaches are addressed promptly in line with applicable laws and policies.

Governance Audit

In compliance with the Mwongozo Code of Governance for State Corporations and County Health Facilities, the hospital undergoes periodic governance audits. These audits assess the Board's

effectiveness, compliance with governance frameworks, and adherence to best practices. Findings and recommendations are shared with the County Government and used to improve governance structures.

Communication Policy

The hospital operates under a communication policy that ensures transparency and accountability. Official communication with stakeholders is coordinated through the Medical Superintendent's office, with the Board providing oversight. This policy promotes accurate, timely, and consistent communication with the public, partners, and regulatory bodies.

Board Committees

The Board discharges some of its responsibilities through committees established under its Terms of Reference. These include the Finance and Audit Committee, the Human Resource and Administration Committee, and the Clinical Services Committee. The committees meet regularly, report to the full Board, and ensure focused attention on critical areas.

Policy on Related Party Transactions

The hospital has adopted a policy to guide transactions with related parties, ensuring they are disclosed, transparent, and conducted at arm's length. Such transactions are subject to approval by the full Board and reported in the financial statements in line with International Public Sector Accounting Standards (IPSAS).

Conclusion

Through these governance practices, Ogongo Level 4 Hospital seeks to uphold accountability, safeguard public resources, and build trust with patients, staff, and stakeholders. The Board remains committed to continuous improvement in governance and to steering the hospital toward long-term sustainability and excellence in healthcare delivery.

9. Management Discussion and Analysis

The Management of Ogongo Level 4 Hospital is pleased to present the Management Discussion and Analysis for the financial year ended 30th June 2025. This section provides an overview of the hospital's operational and financial performance, highlights key projects implemented during the year, evaluates compliance with statutory obligations, outlines the risks facing the institution, and presents the hospital's outlook.

During the year under review, the hospital operated with a bed capacity of 60, serving a total of 6,700 patients through both inpatient and outpatient services. The average bed occupancy rate ranged between 70 and 80 percent, indicating strong utilization of available capacity and efficient turnover of beds. The average length of stay for inpatients was maintained at three to four days, which is consistent with national standards for secondary-level facilities. These indicators point to effective patient flow management and clinical efficiency.

The hospital recorded a mortality rate of 2 percent, down from previous years, reflecting improvements in clinical care, adherence to treatment protocols, and better monitoring of patient outcomes. Specialized clinics continued to operate throughout the year, catering to patients with chronic illnesses such as diabetes, hypertension, and HIV/AIDS, as well as offering maternal and child health services. These clinics have been instrumental in strengthening continuity of care and reducing the burden on inpatient services.

However, utilization of the theatre remained negligible, with no major operations recorded during the year. This outcome highlights a critical gap in surgical services, largely attributable to limited staffing in key specialties and inadequate equipment. Similarly, accident and emergency services registered no significant activity in the year under review. These two areas remain priorities for investment if the hospital is to provide a comprehensive package of secondary-level services.

The hospital benefited from one sponsorship partnership during the year, which provided additional support to its programs. Strengthening external partnerships will remain important going forward, as collaborations with development partners, non-governmental organizations, and private stakeholders can help bridge gaps in financing, infrastructure, and specialized services.

From a financial perspective, the hospital recorded strong performance. Total revenue increased to Kshs. 59.4 million, a significant improvement compared to Kshs. 12.5 million in the previous year. This growth was driven primarily by in-kind contributions from the County Government, patient service income, and a sharp rise in miscellaneous receipts. Total expenditure amounted to Kshs. 43 million, reflecting higher clinical costs, staff expenses, and repairs and maintenance. Despite this increase, the hospital achieved a net surplus of Kshs. 16.4 million, nearly three times the surplus reported in the prior year.

The strong surplus enabled the hospital to improve its balance sheet position, with total assets rising to Kshs. 25.9 million from Kshs. 9.7 million in 2023 2024. Net assets increased to Kshs. 21.6 million, compared to Kshs. 7.1 million previously. This improvement underscores prudent financial management and provides a firm foundation for future investment in service delivery.

In terms of projects and strategic initiatives, the hospital focused on four key pillars: infrastructure development, quality healthcare services, community engagement, and staff welfare. Progress was made in improving infrastructure through renovations and equipment purchases. Service quality was strengthened through better drug availability, improved patient satisfaction, and compliance with Ministry of Health policies. Community outreach programs were scaled up, with NHIF sensitization and mobile clinics conducted in the surrounding areas. Staff development remained a priority, with several training sessions and continuous medical education forums undertaken, resulting in improved staff morale and satisfaction.

The hospital remained compliant with statutory requirements during the year. Financial statements were prepared and submitted for audit by the Office of the Auditor-General. Statutory deductions including PAYE, NHIF, and NSSF were remitted. The hospital also complied with Ministry of Health inspections and quality assurance standards. There were no material arrears in statutory or financial obligations at year-end.

Despite the positive performance, the hospital faces several risks. Key among them are resource constraints, as patient demand continues to grow faster than the available funding. Human resource shortages remain a challenge, particularly in specialized cadres such as surgeons, anesthetists, and emergency medicine practitioners. Infrastructure and equipment gaps also present risks, with rising maintenance costs and the absence of modern diagnostic and surgical facilities limiting service

capacity. Financial sustainability remains an ongoing concern, given the hospital's reliance on government transfers and unpredictable miscellaneous income. In addition, the hospital is exposed to potential public health risks, including infectious disease outbreaks, which could strain available capacity.

In conclusion, the year ended 30th June 2025 marked a period of strong financial growth and steady operational progress for Ogongo Level 4 Hospital. Patient numbers increased, mortality declined, staff morale improved, and significant strides were made in implementing the hospital's strategic pillars. At the same time, gaps remain in emergency and surgical services, infrastructure, and staffing, which require targeted investment and sustained support. Looking ahead, management is committed to consolidating the gains made, addressing existing gaps, and ensuring that Ogongo Level 4 Hospital continues to provide quality, patient-centered healthcare in alignment with the County Government's priorities and the national Universal Health Coverage agenda.

10. Environmental And Sustainability Reporting

Ogongo Level 4 Hospital acknowledges that environmental stewardship and sustainable development are integral to the delivery of quality healthcare services. The hospital's approach to sustainability is framed within the broader context of global challenges such as climate change, resource scarcity, and public health risks. Guided by international best practice frameworks, particularly the United Nations Sustainable Development Goals (SDGs), the hospital prioritizes SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), and SDG 13 (Climate Action).

During the year under review, the hospital embedded sustainability considerations within its Annual Plan and Service Delivery Charter, ensuring that environmental and social responsibility were mainstreamed into service delivery. In line with national procurement policies, the hospital allocated a proportion of its contracts to youth, women, and persons with disabilities (PWDs), thereby promoting inclusive economic empowerment. While tangible progress was recorded, the hospital also faced challenges in areas such as renewable energy adoption and waste management, which remain priority areas for future investment.

Sustainability Strategy and Profile

The hospital's sustainability agenda is anchored on three principles: efficient resource utilization, compliance with statutory and environmental regulations, and community inclusivity. Management recognizes that long-term success requires balancing healthcare provision with environmental and social considerations.

Key achievements during the year included continued allocation of contracts to special groups, improved implementation of waste segregation practices, and piloting of renewable energy solutions. Challenges were mainly associated with resource constraints and the rising pressure from increased patient volumes, which strained waste disposal and water systems. Mitigation measures include phased investment in solar energy, stronger partnerships with development stakeholders, and staff training on environmental management practices.

Environmental Performance



The hospital operates under an Environmental Management Policy that emphasizes waste minimization, reduction of carbon emissions, and compliance with public health and environmental regulations. Implementation of the policy was demonstrated through:

- **Waste Management:** Segregation of waste using color-coded bins in all wards and clinical units, with infectious waste incinerated in line with Ministry of Health protocols and non-biodegradable waste collected for recycling.
- **Resource Efficiency:** Digitization of administrative processes reduced reliance on paper; plastic bottle use was minimized through provision of water dispensers; and automation in some processes reduced energy and resource wastage.
- **Energy Efficiency:** Preventive maintenance of hospital vehicles reduced fuel consumption and emissions, while pilot solar lighting installations in selected units marked a step towards clean energy adoption. Plans for broader solar deployment are under consideration.
- **Green Infrastructure:** Though still limited, efforts have begun to incorporate green building principles, such as optimizing natural light and ventilation in renovated facilities.

While progress has been made, challenges such as limited financial resources and aging infrastructure have slowed the adoption of more advanced climate-smart technologies. To mitigate these, management is actively pursuing partnerships to scale up solar lighting, water efficiency systems, and sustainable sanitation solutions.

Employee Welfare

Sustainability extends to the welfare of staff, who are central to the hospital's performance. Recruitment policies reflect principles of equity, gender balance, youth participation, and inclusivity of PWDs. Policies are reviewed regularly, with input from staff and stakeholders.

Continuous professional development was prioritized through structured training and Continuous Medical Education (CME) sessions, which enhanced staff competencies and career progression. A transparent appraisal and reward system ensured recognition of performance and accountability.

Compliance with the Occupational Safety and Health Act (OSHA), 2007 remained a priority. Staff were equipped with personal protective equipment (PPE), and safety protocols were implemented across clinical units. No major workplace injuries were reported during the year, underlining the effectiveness of preventive measures. Moving forward, management intends to expand occupational wellness programs, including mental health support, given the high demands placed on healthcare workers.

Marketplace Practices

The hospital upholds ethical and responsible marketplace practices. Procurement processes were conducted transparently through open competitive tendering, in strict compliance with public procurement laws. Contracts were honored in a timely manner, ensuring strong supplier relationships and fair business practices.

Anti-corruption measures remained central to operations, supported by internal reporting mechanisms and compliance with the Public Finance Management Act. Service delivery was enhanced through increased use of cashless payment systems, which improved accountability and reduced risks associated with cash handling.

Patients and stakeholders were continually engaged through the hospital's Service Charter, which provides clarity on services, turnaround times, and grievance redress mechanisms. Public sensitization forums were conducted to raise awareness on preventive healthcare, NHIF enrolment, and maternal and child health services. These efforts ensured responsible and transparent citizen engagement.

Corporate Social Responsibility and Community Engagement

Corporate Social Responsibility (CSR) remained closely aligned with the hospital's core mandate of health service delivery. Key initiatives included:

- **Community Health Outreach Programs:** Free clinics and screening exercises were conducted in surrounding communities, focusing on maternal health, chronic disease management, and immunization.
- **Public Health Education:** Sensitization forums were organized to improve NHIF uptake, with enrolment increasing by 15% during the year.

- **Environmental CSR:** Tree planting activities were undertaken within the hospital compound and in selected community spaces, supporting environmental conservation and creating a greener hospital environment.

These initiatives not only extended healthcare access but also deepened the relationship between the hospital and the community, reinforcing trust and mutual accountability.

Conclusion

Ogongo Level 4 Hospital remains firmly committed to embedding sustainability in all aspects of its operations. Achievements in the areas of waste management, employee welfare, marketplace practices, and CSR underscore steady progress, even as challenges in renewable energy adoption, infrastructure modernization, and financial constraints persist.

Looking ahead, the hospital intends to strengthen its sustainability agenda by scaling up renewable energy solutions, adopting green building standards, enhancing inclusivity in staff and supplier engagement, and deepening community partnerships. By aligning its operations with the Sustainable Development Goals, national policies, and county health priorities, the hospital seeks not only to deliver healthcare services but also to act as a responsible steward of the environment and a catalyst for sustainable development in Homabay County.

11. Report of The Board of Management

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

Principal activities

The principal activities of the hospital are:

- i. To provide affordable and accessible universal health coverage;
- ii. To modernize infrastructure, machinery and medical equipment;
- iii. To attain financial sustainability;
- iv. To strengthen human resource capability; and
- v. To develop facility health management information system.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 7.

Board of Management

The members of the Board who served during the year are shown on page v. During the year, no director(s) retired, resigned, and no director (s) was appointed.

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.

By Order of the Board


Name Ben Jiliana
Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Ogongo Level 4 Hospital, which give a true and fair view of the state of affairs of the Ogongo Level 4 Hospital at the end of the financial year and the operating results of the entity for that year. 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 Board of Management members are also responsible for safeguarding the assets of Ogongo Level 4 Hospital.


The Board of Management is responsible for the preparation and presentation of the Ogongo Level 4 Hospital's financial statements, which give a true and fair view of the state of affairs of Ogongo Level 4 Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Ogongo Level 4 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

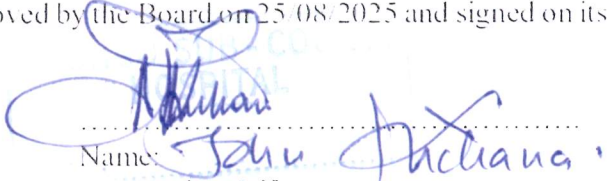
The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Ogongo Level 4 Hospital's financial statements give a true and fair view of the state of Ogongo Level 4 Hospital's transactions during the financial year ended June 30, 2025, and of Ogongo Level 4 Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Ogongo Level 4 Hospital, 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.

Nothing has come to the attention of the Board of management to indicate that Ogongo Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25.08.2025 and signed on its behalf by:


.....
Name: JOSEPH ODII
Chairperson
Board of Management


.....
Name: JOHN MACHARIA
Accounting Officer

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 OGONGO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF HOMA BAY

PREAMBLE

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

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

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 Ogongo Level 4 Hospital - County Government of Homa Bay set out on pages 1 to 46, which comprise of the

statement of financial position as at 30 June, 2025, and the statement financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccuracies and Unsupported Amounts in the Financial Statements

Review of the financial Statements submitted for financial year 2024/2025, revealed the following inaccuracies:

- i. The statement of financial position reflects receivables from exchange transactions balance of Kshs.14,040,363 which differs with the re-computed balance of Kshs.16,112,531 (calculated as shown below), resulting in an unreconciled variance of Kshs.2,072,168:

Particulars	Amount (Kshs.)
Receivables from exchange transactions balance as at 30 June, 2024	2,072,150
<i>Add: Rendering of services-medical service income earned in 2024/2025– Statement of financial performance</i>	51,479,364
<i>Less: Rendering of services-medical service income received in 2024/2025 - Statement of cash flows</i>	-37,438,983
Re-Computed receivables from exchange transactions balance as at 30 June, 2025	16,112,531

- ii. Further, the statement of financial position reflects trade and other payables balance of Kshs.4,285,994, while re-computation gives a balance of Kshs.10,512,158 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.6,226,164:

Particulars	Amount (Kshs.)
Trade and other payables balance as at 30 June, 2024	2,605,598
<i>Add: Total expenses, less depreciation and amortization expense incurred in 2024/2025 – Statement of financial performance</i>	41,278,194

Particulars	Amount (Kshs.)
Less: Total payments made in 2024/2025 - Statement of cash flows	-33,371,634
Re-Computed trade and other payables as at 30 June, 2025	10,512,158

- iii. Note 24 on cash generated from operations, which apparently reconciles surplus for the year amount of Kshs.16,400,862 reported in the statement of financial position and net cash flow from operating activities amount of Kshs.4,067,348, reflects increase in receivables amount of Kshs.15,258,725 which differs with the re-computed amount of Kshs.11,968,725, resulting in an unreconciled variance of Kshs.3,290,000. Therefore, the re-computed net cash flow from operating activities is Kshs.7,357,348 and differs with the Kshs.4,067,348 reflected in the statement of cash flows by the same variance. Further, the amounts for increase in inventories, increase in receivables and increase in payables are not properly aligned to the respective item description (i.e., increase in inventory amount of Kshs.516,087 is shown against working capital adjustments, increase in receivables amount of Kshs.15,258,725 is indicated against increase in inventory and increase in payables of Kshs.1,680,396 is reflected against increase in receivables).
- iv. The statement of changes in net assets indicates a balance of negative Kshs.1,895,000 in respect of Adjustments for PPE Purchased which was not supported.

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

2. Unsupported In-kind Contribution from the County Government

The statement of financial performance, and as disclosed in Note 6 to the financial statements, reflects in-kind contribution from the County Government amount of Kshs.7,960,614 which comprises Kshs.439,595 worth of Medical Supplies - Laboratory Reagents and Kshs.7,521,081 in form of pharmaceutical and non-pharmaceuticals Supplies (other suppliers). However, the documents supporting this contribution, including requisition from the Hospital indicating the quantity and specification of supplies to be procured, contractual agreement between the Hospital and the alleged donors to supply or procure laboratory and pharmaceutical supplies, and the Inspection Committee report confirming receipt of the supplies were not provided for audit.

In the circumstances, accuracy and completeness of the in-kind contribution from the County Government amount of Kshs.7,960,614 could not be confirmed.

3. Unsupported Medical/Clinical Costs Amount

The statement of financial performance, and as disclosed in Note 9 to the financial statements, reflects medical/clinical costs amount of Kshs.27,464,759. Included in the amount are payments amounting to Kshs.6,683,401 whose payment vouchers were not

supported by quotations from the list of prequalified suppliers for competitive bidding, inspection report to confirm the quality and quantity of the goods supplied and stores register as proof that the supplies were taken on charge for controlled issuance to the end users. Further, it was noted that delivery notes were not signed by the stores keeper to acknowledge receipts of the supplies.

In addition, Management did not provide evidence indicating whether the merchants engaged to supply pharmaceuticals to the Hospital were registered with the Pharmacy and Poisons Board (PPB) as required by Section 6(1) of the Pharmacy and Poisons Act, Cap 244 of the Laws of Kenya.

In the circumstances, the accuracy, completeness and validity of the medical/clinical costs of Kshs.6,683,401 could not be confirmed. Also, Management was in breach of the Law.

4. Unsupported Expenses on Repairs and Maintenance

The statement of financial performance, and as disclosed in Note 13 to the financial statements, reflects repairs and maintenance amount of Kshs.3,357,416. Included in the amount are payments totalling Kshs.1,909,416 whose payment vouchers were not supported by quotations from the list of prequalified suppliers for competitive bidding, vehicles work tickets indicating defects which necessitated repairs, and certificates of completion for repairs and maintenance for buildings and civil works.

In the circumstances, the accuracy, completeness and propriety of repairs and maintenance amount of Kshs.1,909,416 could not be confirmed.

5. Unsupported General Expenses

The statement of financial performance, and as disclosed in Note 15 to the financial statements, reflects general expenses amount of Kshs.5,840,529. Examination of a sample of payment vouchers amounting to Kshs.3,519,125 revealed the following anomalies:

- i. The vouchers were not supported by quotations from the list of prequalified suppliers for competitive bidding.
- ii. The supporting delivery notes were neither signed by the stores attendant to acknowledge receipt of the supplies nor were items taken on charge in the stores register for controlled issuance.
- iii. There were no appointment letters of the Inspection and Acceptance Committee members. This was contrary to Section 48(2) of the Public Procurement and Asset Disposal Act, 2015, which provides that the inspection and acceptance committee shall be appointed by the Accounting Officer or the head of the procuring entity on the recommendation of the procuring unit.

- iv. The amount of Kshs.3,519,125 includes fuel expenses of Kshs.348,000 whose supporting fuel registers, detailed orders, work tickets indicating the fuel drawn and invoices from the vendor indicating how the fuel was drawn were not provided for audit.

In the circumstances, the accuracy, completeness and propriety of repairs and maintenance amount of Kshs.3,519,125 could not be confirmed.

6. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position, and as disclosed in Note 17 to the financial statements, reflects cash and cash equivalents balance of Kshs.992,379 which entirely represent bank balance. The cash in hand balance was nil. Review of the supporting schedules and the cash book revealed that the Hospital transferred a total of Kshs.18,967,750 to the Special Purpose Account operated by the County Department of Health Service and Kshs.15,202,200 or 80% was refunded to the Hospital revenue account. However, it was not possible to confirm the accuracy of the funds transferred as Management did not provide the Special Purpose Account bank statements for audit review.

Further, the nil cash in hand balance was not supported by imprest register indicating that all imprests issued had been duly accounted for.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.992,379 could not be confirmed.

7. Unsupported and Long Outstanding Receivables

The statement of financial position, and as disclosed in Note 18 to the financial statements, reflects receivables from exchange transactions balance of kshs.14,040,363 which includes a balance Kshs.4,505,600 due from the defunct National Hospital Insurance Fund (NHIF), whose recoverability appears doubtful.

In addition, Management did not provide a receivable movement schedule indicating details of invoice numbers, dates the debt accrued and the respective values of the individual receivables outstanding for more than 90 days as at 30 June 2025, as well as a comprehensive strategy for recovery of the outstanding debts.

In the circumstances, the accuracy, completeness of trade and other receivables balance of Kshs.14,040,363, and recoverability of the balance Kshs.4,505,600 due from NHIF could not be to confirmed.

8. Unsupported and Long Outstanding Payables

The statement of financial position reflects trade and other payables balance of Kshs.4,285,994 which, as disclosed in Note 23 to the financial statements, comprises Kshs.4,175,719 in respect of trade payables and Kshs.110,275 in respect of employee

dues. However, Management did not provide detailed payables ledgers indicating the invoice dates, the movement schedules with the opening balance, additions during the period, settlements made and outstanding balance as at 30 June, 2025.

Further, as indicated in the ageing analysis section of Note 23, the balance of Kshs.4,285,994 includes payables amounting to Kshs.774,420 that had been outstanding for over two (2) years, contrary to Regulation 41(2) of Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the consolidated fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

In addition, Management did not provide measures put in place to ensure that outstanding bills were paid in time to avoid further accumulation and the possibility of payment of interest and/or penalties on the unpaid amounts.

Failure to settle payables may result in suppliers withholding the supply of goods, supplies and pharmaceutical items and hence, adversely affect service delivery.

In the circumstances, the accuracy and completeness of the reported trade and other payables balance of Kshs.4,285,994 could not be confirmed. Also, Management was in breach of the law for not prioritizing settlement of long outstanding debts.

9. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position, and as disclosed in Note 21 to the financial statements, reflects property, plant and equipment balance of Kshs.9,676,813 which includes Kshs.4,993,462 in respect of building. However, physical verification in the facility in November, 2025 revealed that the Hospital had buildings whose estimated values were way above the reported balance, and land of unknown value which has not been disclosed in the statement of financial position.

Further, although Management maintained and provided a non-current asset register for audit review, important details such as asset tagging, serial/log book number, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and net book value of the assets were omitted. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

Further, the title deed for the land and log books for the motor vehicle were not provided for audit.

In addition, inspection of the Hospital's assets revealed that two (2) buildings within the compound had asbestos roofing. Management did not explain why the asbestos, which is considered hazardous to human health, was not replaced.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.9,676,813 and the existence and / or effectiveness of internal controls on the management of fixed assets could not be confirmed. Also, Management was in breach of the law for not maintain an updated fixed assets register.

10. Irregular Engagement of Casuals

The statement of financial performance, and as disclosed in Note 10 to the financial statements, reflects a balance of Kshs.817,441 in respect of employee costs. However, review of records provided for audit in support of the expenditure revealed that the Hospital engaged (10) casual workers and paid an annual wage bill of Kshs.817,441. It was observed that the casual workers signed three months contractual agreements, renewable after the expiry of each term. However, during the year under audit, the Hospital did not have a functional Board of Management to enter into the contracts with the casuals.

In the circumstances, the regularity of the expenditure of Kshs.817,441 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ogongo Level Four Hospital - County Government of Homa Bay 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 shows capital expenditure budget and actual on comparable basis amounts of Kshs.6,109,700 and Kshs.3,104,858 respectively, resulting in an under expenditure of Kshs.3,004,842 or 49% of the budget. The under expenditure affected planned activities and may have adversely impacted service delivery to the students of the Hospital.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

S/No.	Financial Year	Audit Issue
1	2023/2024	Receivables From Exchange Transactions
2	2023/2024	Trade and Other Payables
3	2023/2024	Unsupported Medical/Clinical costs
4	2023/2024	Unsupported Board Expenses
5	2023/2024	Non-Compliance with Level 4 Hospital Requirement
6	2023/2024	Non-Compliance with Pharmacy and Poisons Board Requirements
7	2023/2024	Weaknesses in Stock Control System
8	2023/2024	Disposal of Pharmaceutical Waste
9	2023/2024	Lack of Ownership Documents

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Retain Facilities Improvement Funds at the Hospital

Review of revenue records obtained from the Ogongo Sub-County Hospital revealed total collection of Kshs.51,479,345 towards the health facilities improvement. Out of this amount, a total of Kshs.18,967,750 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.15,202,200 to the health facilities resulting in a deficit of Kshs.3,765,550 This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2. Hospital’s Compliance with Minimum Required Criteria for Level 4 Hospital

Review of Hospital’s records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by one hundred and two (102) staff requirements or 94% of the authorized establishment. The details are shown in the table below:

Item	Level 4 Standard	No. in Hospital	Variance	Percentage
Medical officers	20	0	20	100%
Anesthesiologists	3	0	3	100%
General surgeons	3	0	3	100%
Gynecologists	3	0	3	100%
Pediatrics	3	0	3	100%
Radiologists	2	0	2	100%
Kenya Registered Community Health nurses	75	7	68	91%
Total	109	7	102	94%

Further, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Item	Level 4 Standard	No. in Hospital	Variance	Percentage
Wards Beds Capacity	150	60	90	60%
Resuscitaire (2 in Labour ward and one in theatre)	3	0	3	100%
New Born Unit - Incubators (incubators and five (5) cots)	5	0	5	100%
New Born Unit cots	5	0	5	100%
Functional Intensive Care Unit - Beds	6	0	6	100%
High Dependency Unit - Beds	6	0	6	100%
Renal unit with at least 5 dialysis machines	5	0	5	100%
Two functional operating theaters for maternity and general.	2	0	2	100%

In additions, critical services required for a Level 4 Hospital were not offered as illustrated below:

Services Required	Status (Available or not)
Surgical Services	Available (Minor Surgeries)
Pediatric services	Available
Gynecological services	Not Available
Radiology services	Not Available
Renal dialysis services	Not Available
Mortuary and autopsy services.	Not Available
Advanced life support	Not Available
Caesarian sections and surgical operations	Not Available
Laboratory services of Lab class D (5 acres)	Available

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

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

3. Non-Compliance with Law on Ethnic Diversity in Staffing

Review of records revealed that the Hospital had a total of forty-one (41) employees out of which, thirty-one (31) were from the Homa Bay County Public Service Board and ten (10) casual labourers engaged on contractual basis. However, it was noted that thirty (30) or (97%) of the staff deployed to the hospital by the Homa Bay County Public Service

Board were from one dominant ethnic community. Further, all the casuals engaged by the Hospital were from the same community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff.

In the circumstances, Management was in contravention of Section 74 of the county Government Act 2012.

4. Failure to Conduct Annual Stock Taking

During the year under review, the Hospital did not provide verifiable documentary evidence to indicate that a committee was appointed and tasked with responsibilities to carry out annual stock take. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 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 was in breach of the Law.

5. Assets Not in Use

Physical inspection carried out in Ogongo Level 4 Hospital revealed that six pieces of equipment, including APA power backup, HP Printer, Acer monitor, 2 Yamaha DT 125 motor bikes and a Generator had been delivered to the facility. However, the assets were not in use due to various reasons.

In the circumstances, the value for money realized from the amount utilized to purchase the equipment could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Functional Hospital Board of Management

Review of Board documents and related records revealed that the Hospital's Board of Management was disbanded through a public participation meeting held on 19 July, 2024. The public noted that the Board had five (5) members out of seven (7) from the same family, contrary to the requirements of Section 37-40 of the Homa Bay County Health Services Act, 2020. There was no gazette notice provided to show their appointment nor revocation of the same.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital could not be confirmed. Also, Management was in breach of the Law.

2. Lack of an Effective Audit Committee and Internal Audit Unit

Review of documents and processes revealed that the Hospital did not have an audit committee or an internal audit function during the year under review. This was contrary to Section 155 (1) of the Public Finance Management Act, 2012.

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

3. Lack of a Risk Management Policy

During the year under review, the Hospital did not have a Risk or Disaster Management Policy in place, contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that a County Government entity develops risk management strategies, which include fraud prevention mechanism; and that the County government entity develops a system of risk management and internal controls that build robust business operations.

In circumstances, the effectiveness of risk management measures could not be confirmed.

4. Lack of Internal Audit Function

During the financial year under review, it was observed that the Hospital did not have an Internal Audit department as required by regulation 162(2) of the Public Finance Management (National Government) Regulations, 2015. Further, there were no internal audit reports on the state of risk management, control and governance within the Hospital. In addition, there were no approved Internal Audit workplan and Internal Audit charter.

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

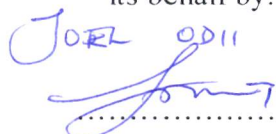
Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
In- kind contributions from the County Government	6	7,960,614	6,276,123
		7,960,614	6,276,123
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	51,479,346	695,850
Miscellaneous Income	8		5,615,086
Revenue from exchange transactions		51,479,345	6,310,936
Total revenue		59,439,959	12,587,059
Expenses			
Medical/Clinical costs	9	27,464,759	9,461,037
Employee costs	10	817,441	609,120
Board of Management Expenses	11	32,500	114,000
Depreciation and amortization expense	12	1,760,903	1,491,920
Repairs and maintenance	13	3,357,416	426,196
Grants and subsidies	14	3,765,550	
General expenses	15	5,840,529	1,037,853
Total expenses		43,039,097	13,140,126
Net Surplus / (Deficit) for the year		16,400,862	(553,067)

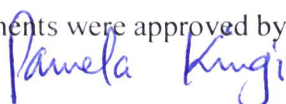
(The notes set out on pages 8 to 44 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25/08/2025 and signed on its behalf by:



Chairman

Board of Management



Head of Finance

ICPAK No: 30573



Medical Superintendent

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

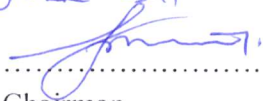
15. Statement of Financial Position As At 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	992,379	29,889
Receivables from exchange transactions	18	14,040,363	2,072,150
Receivables from non-exchange transactions	19	-	
Inventories	20	1,152,298	636,211
Total Current Assets		16,185,040	2,738,250
Non-current assets			
Property, plant, and equipment	21	9,676,813	6,974,147
Intangible assets	22	71,800	35,000
Total Non-current Assets		9,748,613	7,009,147
Total assets (A)		25,933,654	9,747,396
Liabilities			
Current liabilities			
Trade and other payables	23	4,285,994	2,605,598
Total Current Liabilities		4,285,994	2,605,598
Total Liabilities (B)		4,285,994	2,605,598
Net assets (A-B)		21,647,660	7,141,798
Represented by:			
Accumulated surplus/Deficit		14,063,566	(2,337,296)
Capital Fund		7,584,094	9,479,094
Net Assets		21,647,660	7,141,798


(The notes set out on pages 8 to 44 form an integral part of the Annual Financial Statements.)

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

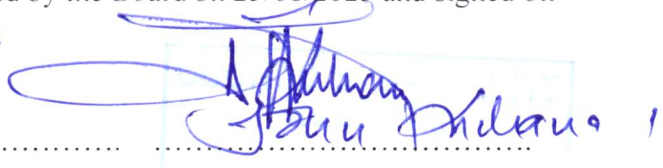
The Hospital's financial statements were approved by the Board on 25/08/2025 and signed on its behalf by:

JOEL ODII


Chairman
Board of Management

Pamela Kingi


Head of Finance
ICPAK No: 30073



Medical Superintendent

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

Description	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	(1,799,228)	3,895,076	2,095,848
Surplus/(deficit) for the year	(538,067)		(538,067)
Capital/Development grants	-	5,584,018	5,584,018
As at June 30, 2024	(2,337,296)	9,479,094	7,141,799
At July 1, 2024	(2,337,296)	9,479,094	7,141,798
Surplus/(deficit) for the year	16,400,862	-	16,400,862
Capital/Development grants	-	-	-
Adjustments for PPE Purchased		(1,895,000)	(1,895,000)
At June 30, 2025	14,063,566	7,584,094	21,647,660

Note:

- 1. Adjustment for Property, Plant and Equipment of Kshs. 1,895,000 purchased by the hospital finances and was credited to the Capital Fund account*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities			2,906,000
Rendering of services- Medical Service Income		37,438,983	695,850
Miscellaneous receipts-Insurance Income			3,542,936
Total Receipts		37,438,982	7,144,786
Payments			
Medical/Clinical costs		19,569,800	2,884,459
Employee costs		756,725	478,030
Board of Management Expenses		32,500	114,000
Repairs and maintenance		3,448,530	472,360
Grants and subsidies		3,765,550	444,172
General expenses		5,798,529	955,443

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Total Payments		33,371,634	5,348,431
Net cash flows from operating activities	24	4,067,349	1,796,322
Cash flows from investing activities			
Purchase of property, plant, equipment		(3,049,858)	(1,795,000)
Purchase of intangible assets		(55,000)	-
Net cash flows used in investing activities		(3,104,858)	(1,795,000)
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		962,491	1,322
Cash and cash equivalents as at 1 July	17	29,888	28,566
Cash and cash equivalents as at 30 June	17	992,379	29,888

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c (a+b)	d	e (c-d)	f d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	29,889	29,889	-	29,889	0%
Receipts						
Inkind Supplies	8,500,000	-	8,500,000	7,960,614	539,386	94%
Rendering of services- Medical Service Income	40,774,510	-	40,774,510	37,438,983	3,335,528	92%
Miscellaneous receipts (<i>specify</i>)	39,974,510	-	39,974,510	36,787,095	3,187,415	92%
Total receipts	49,274,510	29,889	49,304,399	45,399,596	3,904,803	
Payments						
Medical Clinical costs	31,122,610	-	31,122,610	27,530,414	11,552,810	88%
Employee costs	1,150,000	-	1,150,000	756,725	393,275	66%
Remuneration of directors	126,000	-	126,000	32,500	93,500	26%
Repairs and maintenance	4,169,600	-	4,169,600	3,448,530	721,070	83%
Grants and subsidies	-	-	-	3,765,550	(3,765,550)	
General expenses	6,596,600	-	6,596,600	5,798,529	798,071	88%
Total Operational Expenditure paid	43,164,810	-	43,164,810	41,332,247	9,793,176	
Capital Expenditure paid	6,109,700	-	6,109,700	3,104,858	3,004,842	51%
Surplus				962,491		

Budget notes

1. Differences between actual and budgeted amounts (IPSAS 24.14):

- **In-kind supplies (94%):** Slight shortfall due to reduced donor support.
- **Medical service income (81%):** Lower patient attendance reduced income.
- **Miscellaneous receipts (92%):** Some grants/donations delayed.
- **Employee costs (66%):** Savings from unfilled positions and casual staff cuts.
- **Directors' remuneration (26%):** Only sitting allowances incurred.
- **Grants & subsidies:** Unbudgeted transfer of Kshs. 3.77m to partner program.
- **Capital expenditure:** One project delayed (51%), another overspent (106%) due to price increases.
- **Surplus (39%):** Lower receipts and unbudgeted grants reduced surplus.

2. Changes between original and final budget (IPSAS 24.29):

- Adjustment of **Kshs. 29,889 carryover** from prior year.
- No reallocations; variances arose from operational performance.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	962,491
Opening Cash and Cash Equivalents	29,889
Closing Cash and Cash Equivalent as per the statement of Cash flows	992,379

19. Notes to the Financial Statements

1. General Information

Ogongo Level 4 Hospital is established by and derives its authority and accountability from PFM Act, 2012 and the Homabay County Finance Act. The hospital is wholly owned by the Homabay County Government and is domiciled in Homabay County in Kenya. The entity's principal activity is to provide affordable and accessible universal health coverage

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, Homabay County finance Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 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> <p>The Entity expects minimal impact as it currently has no material lease arrangements; however, any future leases will be accounted for in compliance with IPSAS 43.</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> <p>No significant impact anticipated, as the Entity does not currently hold assets for sale or operate discontinued segments.</p>

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the 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>The Entity expects improved classification and disclosure for infrastructure assets; no material changes to carrying amounts is anticipated.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>May influence valuation methodologies for certain non-financial assets, particularly operational facilities.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting</p>

Standard	Effective date and impact:
	<p>for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>May require changes to revenue recognition policies for government transfers and service income.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>No material impact expected, as the Entity is primarily a recipient rather than a provider of transfer payments.</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>No direct impact expected, as the Entity does not administer retirement benefit plans.</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

Standard	Effective date and impact:
	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. No impact expected, as the Entity is not engaged in mineral resource exploration or evaluation activities.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/25 was approved by Board on 25/08/2025. The Ogongo Level 4 Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 50 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.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The hospital assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortized cost and at fair value through net assets/equity. In line with applicable financial reporting standards, a loss allowance is recognized for such expected losses at each reporting date.

During the year under review, no impairment losses or expected credit losses were recognized, as the assessment indicated that the credit risk associated with the Entity's financial assets was

minimal. There were no instances requiring adjustments to the carrying amounts of the financial assets.

Financial liabilities

Classification

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

k. Inventories

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the 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 hospital 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 hospital does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

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

p. Nature and purpose of reserves

Ogongo Level 4 Hospital does not maintain any specific reserves. All financial resources are allocated and utilized based on the immediate operational and strategic needs of the hospital, ensuring that funds are directed towards providing high-quality healthcare services to the community.

q. Changes in accounting policies and estimates

Ogongo Level 4 Hospital 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.

s. Borrowing costs

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

t. Related parties

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

u. Service concession arrangements

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

when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages		
Medical supplies-Laboratory Reagents	439,595	2,301,248
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	7,521,018	3,974,875
Utility bills		
Total grants in kind	7,960,614	6,276,123

7. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	261,023	237,675
Non-Pharmaceuticals	11,100	
Laboratory	167,440	146,730
Outpatient Services	33,340	47,085
Inpatient Services	83,130	202,680
Theatre	3,000	
Maternity	10,300	
Health Records	47,555	61,680
Ambulance services	35,000	
Insurance Income	50,827,458	
Total revenue from the rendering of services	51,479,346	695,850

Notes to the Financial Statements (Continued)

8. Miscellaneous Income-Insurance Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Insurance recoveries		3,542,936
Accrued Insurance Income		2,072,150
Total Miscellaneous income		5,615,086

9. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,109,751	2,602,498
Food and Ration	4,691,263	777,600
Beddings and linen	244,700	
Dressing and Non-Pharmaceuticals	4,708,762	713,000
Pharmaceutical supplies	9,522,033	4,815,019
Health information stationery	4,030,730	380,420
Sanitary and cleansing Materials	3,157,520	172,500
Total medical/ clinical costs	27,464,759	9,461,037

Notes to the Financial Statements (Continued)

10. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	817,441	609,120
Contributions to pension schemes		
Staff medical expenses and Insurance cover		
Employee costs	817,441	609,120

11. Board Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Sitting allowance	32,500	114,000
Total	32,500	114,000

12. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	1,723,703	1,491,920
Intangible assets		
Total depreciation and amortization	1,723,703	1,461,920

Notes to the Financial Statements (Continued)

13. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	1,025,735	328,196
Medical equipment	-	
Office equipment	18,500	
Furniture and fittings	6,000	
Computers and accessories	1,166,250	
Motor vehicle expenses	837,166	98,000
Maintenance of civil works	303,765	
Total repairs and maintenance	3,357,416	426,196

14. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Other grants and subsidies(<i>specify</i>)	3,765,550	
Total grants and subsidies	3,765,550	

Notes to the Financial Statements (Continued)

15. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	159,000	
Catering expenses	448,300	64,000
Waste management expenses		
Insecticides and rodenticides		
Bank charges	48,544	33,593
Electricity expenses	10,000	53,312
Fuel and Lubricants	396,000	218,848
Travel and accommodation allowance	280,550	250,000
Licenses and permits		
Courier and postal services	-	
Computer Accessories		65,000
Printing and stationery	2,164,025	224,500
Water and sewerage costs	5,000	3,000
Telephone and mobile phone services	148,000	45,600
Internet expenses	-	
Fungicides and Sprays	1,146,460	
Staff training and development	6,000	
Other Fuels	953,150	80,000
Hospital Committee Expenses	5,500	
Staff Uniforms	30,000	
Purchase of Households	40,000	
Total General Expenses	5,840,529	1,037,853

Notes to the Financial Statements (Continued)

16. Impairment Loss

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Intangible assets	37,200	
Total impairment loss	37,200	

17. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	992,379	29,889
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	992,379	29,889

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank Of Kenya	01141331281300	992,379	29,889
Sub- total		992,379	29,889
b) Others			
cash in hand			
Sub- total			
Grand total		992,379	29,889

Notes to the Financial Statements (Continued)

18. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	14,040,363	2,072,150
Less: impairment allowance		
Total receivables	14,040,363	2,072,150

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of the total	FY 2023-2024	% of the total
Less than 1 year	14,040,363	100%	2,072,150	%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	14,040,363	%	2,072,150	%

Notes to the Financial Statements (Continued)

19. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	0	2,906,000
Less: impairment allowance	0	0
Total	0	2,906,000

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of the total	FY 2023-2024	% of the total
Less than 1 year		%	2,906,000	100%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	-	%	2,906,000	100%

Notes to the Financial Statements (Continued)

20. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	450,562	277,750
Laboratory Supplies	180,000	46,001
Food supplies	149,800	
Non Pharmaceuticals	250,200	312,460
Cleaning materials supplies	25,800	
General supplies	95,936	
Less: provision for impairment of stocks	-	-
Total	1,152,298	636,211

Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	636,211	358,211
Additional Inventory in the year	27,464,759	11,125,126
Inventory expensed in the year	26,948,672	10,847,126
Write-downs in the year		
Others specify		
Closing balance	1,152,298	636,211

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
Description	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost	2%	25.0%	12.5%	30.0%	12.5%	
At 1 July 2023	-	2,246,666	23,000	1,285,429	342,857	3,897,952
Additions	1,780,000		15,000			1,795,000
Disposals	-	-	-	-	-	-
Adjustments for unrecognised assets	-	-	804,000	-	2,932,143	3,736,143
Revaluation Adjustments	-	-	-	-	-	-
At 30th Jun 2024	1,780,000	2,246,666	842,000	1,285,429	3,275,000	9,429,095
At 1 July 2024	1,780,000	2,246,666	842,000	1,285,429	3,275,000	9,429,095
Additions	3,315,369			120,000	991,000	4,426,369
Disposals	-	-	-	-	-	-
Transfer/adjustments						-
Revaluation Adjustments						-

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
Description	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 th Jun 20	5,095,369	2,246,666	842,000	1,405,429	4,266,000	13,855,464
Depreciation and impairment						
At 1 July 2023		561,667	2,875	385,629	42,857	993,028
Depreciation for the year		561,667	105,250	385,629	409,375	1,461,920
Disposals	-	-	-	-	-	-
Impairment						-
At 30 June 2024	-	1,123,334	108,125	771,258	452,232	2,454,948
At July 2024	-	1,123,334	108,125	771,258	452,232	2,454,948
Depreciation	101,907	561,667	105,250	421,629	533,250	1,723,703
Disposals						-
Impairment						-
Transfer/adjustment	-	-	0	-	-	-
At 30 th June 2025	101,907	1,685,000	213,375	1,192,886	985,482	4,178,651

Ogongo Level Four Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
Description	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Net book values						
At 30th Jun 2024	1,780,000	1,123,333	733,875	514,171	2,822,768	6,974,147
At 30th Jun 2025	4,993,462	561,666	628,625	212,543	3,280,518	9,676,813

Notes to the Financial Statements (Continued)

22. Intangible Assets-Software

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Cost	30%		30%	
At beginning of the year	50,000		50,000	
Additions			-	
Additions-Internal development	74,000		-	
Disposal	-		-	
At end of the year	124,000		50,000	
Amortization and impairment				
At beginning of the year	15,000			
Amortization for the period	37,200		15,000	
Impairment loss				
At end of the year	52,200		15,000	
NBV	71,800		20,000	

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23. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	4,175,719		2,474,508	
Employee dues	110,275		131,090	
Third-party payments				
Total trade and other payables	4,285,994		2,605,598	
Ageing analysis:	FY 2024-2025	% of the Total	FY 2023-2024	% of the total
Under one year	3,511,574	82%	467,791	18%
1-2 years		0%	1,363,387	52%
2-3 years	296,420	7%	774,420	30%
Over 3 years	478,000	11%		0%
Total	4,285,994	100%	2,605,598	100%

Notes to the Financial Statements (Continued)

24. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	16,400,862	(538,067)
Adjusted for:		
Depreciation	1,760,903	1,476,920
Non-cash grants received		
Working Capital adjustments	(516,087)	
Increase in inventory	(15,258,725)	277,311
Increase in receivables	1,680,396	(1,418,707)
Increase in payables		1,998,863
Net cash flow from operating activities	4,067,348	1,796,320

Notes to the Financial Statements (Continued)

25. Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	2,072,150	-	-	0
Receivables from –non-exchange transactions	2,906,000	-	-	0
Bank balances	29,889	-	-	0
Total	2,935,889	-	-	0
At 30 June 2025				
Receivables from exchange transactions	14,040,363	-	-	0
Receivables from –non-exchange transactions	-	-	-	0
Bank balances	992,379	-	-	0
Total	15,032,742	-	-	0

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 hospital has no significant concentration of credit risk on amounts due from accounts receivable. 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables			2,474,508	2,474,508
Employee benefit obligation		131,090	-	131,090
Total	-	131,090	2,474,508	2,605,598
At 30 June 2025				
Trade payables	459,700		3,752,694	4,212,394
Employee benefit obligation	73,600			73,600
Total	533,300	-	3,752,694	4,285,994

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.

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.

Ogongo Level 4 Hospital did not have any borrowings or financial instruments subject to variable interest rates during the year ended 30 June 2025. Consequently, the entity was not exposed to interest rate risk, and no sensitivity analysis has been presented.

iv) Capital Risk Management

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	14,063,566	(2,337,296)
Capital reserve	7,584,094	9,479,094
Total funds	21,647,660	7,141,798
Total borrowings	-	-
Less: cash and bank balances	992,379	29,889
Net debt/ (<i>excess cash and cash equivalents</i>)	(992,379)	(29,889)
Gearing	(0)	(0)

Notes to the Financial Statements (Continued)

26. 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.

xxx 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

27. Events after the Reporting Period

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

28. 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 Homabay

29. Currency

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


20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
HB/CTY/MOH/OGNH/AUD/VOL.I (01)	Compliance with Level 4 Hospitals Requirement	Inadequate Hospital Equipment, Machines, and Bed Capacity- As the Management, we agree with the shortfall to the Kenya Quality Model for Health Checklist designed for Level Four Hospital. We hope that the recommendations be adopted by the County Government so that the hospital infrastructure be upgraded to the requirement of a Level Four Hospital.	Not Resolved	June 2027
		Lack of Policy documents- The Management has agreed to take corrective action by developing policy documents. However, this exercise requires the involvement of several	Not Resolved	June 2027

		stakeholders and therefore, need more time.		
	Weak controls on Inventories- Pharmaceuticals and Non pharmaceuticals	Weakness in Stock control system- The hospital had no committee during this period. However, the management has put in place the Inspection and Acceptance committee which does the inspection of supplies and sign the certificate as attached in Appendix VI.	Resolved	-



 Accounting Officer