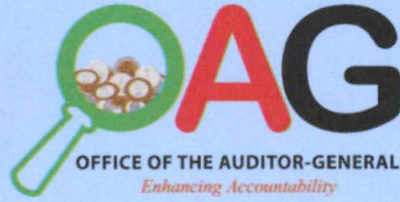


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

GOT AGULU SUB - COUNTY LEVEL 4
HOSPITAL

PAPERS LAID	
DATE	19/2/20
TABLED BY	Se. Odama
COMMITTEE	
AGREED IN PRINCIPLE	May

FOR THE YEAR ENDED
30 JUNE, 2025

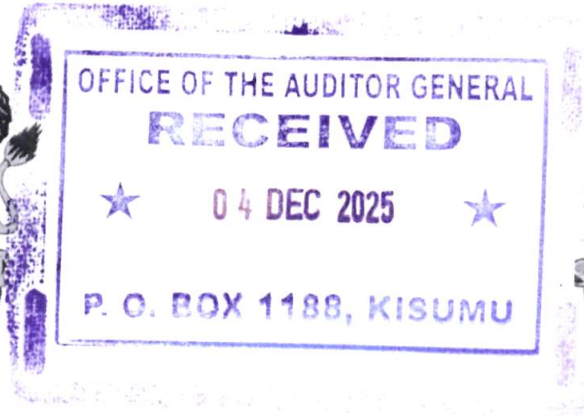
COUNTY GOVERNMENT OF SIAYA



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Revised 30th June 2025



GOT AGULU SUB COUNTY LEVEL 4 HOSPITAL (Siaya County Government)

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
NGOs	Non-Governmental Organizations
HMT	Hospital Management Team
SHA	Social Health Authority
FIF	Facility Improvement Fund
NHIF	National Health Insurance Fund

2. Key Entity Information and Management

(a) Background information

Got Agulu Sub County Hospital is a level (4) hospital established under gazette notice number 87 and is domiciled in Siaya County under the County Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mandate of the hospital is to contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research.

(c) Key Management

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

- County department of health
- Accounting Officer/ Medical Superintendent
- 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	Patrick Okere
2.	Head of finance	Evans Omondi
3.	Hospital Administrator	Carolyn Ochieng
4.	Nursing Services Manager	Gladys Abwao
5.	Laboratory Manager	Kennedy Ondiek
6.	Pharmacy In-Charge	Beatrice Opul
7.	Radiology	Peter Achieng'
8.	Head of Health Records	Augustine Achieng'
9.	Head of Clinical Officers	Damba Francis Ochola

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at Got Agulu Sub County Hospital for the quarter ended 30th June, 2025 are;

- Department of Health.
- County Internal Audit Directorate
- Office of the Auditor General
- Siaya County Assembly Health Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 110-
40606 USENGE,
KENYA

(g) Entity Contacts

Telephone: (+254) 739931359
E-mail: gotahospital@go.ke

(h) Entity Bankers

Co-Operative Bank
P.O Box 380-40601
Bondo.

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 803-40600
Siaya, Kenya

3. The Board of Management

The facility did not have an active Board of management. This is because not all members who were submitted to the assembly for vetting and approval were approved. The approved members have since been not inducted. The process of getting the new board is however under way.






.....

Name

Chairman to the Board

Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Key Management Team

Management	Details
<p>PATRICK OKERE Academic Qualification</p> <ul style="list-style-type: none"> • Diploma in Clinical Medicine & Surgery 	<p>MEDICAL SUPERINTENDENT</p>
<p>GLADYS ABWAO Academic Qualification</p> <ul style="list-style-type: none"> • Bachelors of Science in Midwifery 	<p>NURSING STATION MANAGER</p>
<p>CAROLYNE OCHIENG Academic Qualification</p> <ul style="list-style-type: none"> • Bachelors in Business Management 	<p>HOSPITAL ADMINISTRATOR</p>
<p>BEATRICE OPUL Academic Qualification</p> <ul style="list-style-type: none"> • Higher National in Renal Pharmacy • Diploma in Pharmacy 	<p>PHARMACY INCHARGE</p>
<p>KENNEDY ONDIEK Academic Qualification</p> <ul style="list-style-type: none"> • Bachelors of Science and Medical Laboratory Science • Diploma in Medical Laboratory Science 	<p>LAB MANAGER</p>
<p>EVANS OMONDI Academic Qualification-</p> <ul style="list-style-type: none"> • Certified Public Accountant (Intermediate Level) • Bachelors of Commerce (Accounting Option) • Computerized Accounting Packages 	<p>ACCOUNTANT</p>

5. Chairman's Statement

The facility did not have an active Board of management. This is because not all members who were submitted to the assembly for vetting and approval were approved. The approved members have since been not inducted. The process of getting the new board is however under way.

.....

Name

Chairman to the Board

6. Report of The Medical Superintendent

Got Agulu Sub-County Level 4 Hospital management is under the Medical Superintendent. There was no Active board of management during the period although 2 members have been gazetted by the CEC Member Health.

1. Dedan Olawo Representing Non –Governmental Organizations providing health services
2. Gordon Ohayo Otuoma Representing Health Professionals,

The financial performance for the period reflects the true view of the entity's performance throughout the financial year since all the income were recorded and all expenditure captured, all the in-kind contributions, payables, inventory and receivables.

Got Agulu sub county hospital have been providing essential healthcare to the community throughout the year under review. The hospital has been offering a range of medical services including primary healthcare, emergency services, inpatient services, outpatient services, HIV care services, maternal and child health services, maternity services. Additionally, the hospital has been conducting health education and promotion services to promote health awareness and prevent diseases.

During the year under review Got Agulu sub county hospital was able to generate Kshs. 8,579,084 out of which FIF was Kshs. 3,334,818, Lindamama Kshs. 2,283,740 SHA Kshs. 2,583,775, NHIF Kshs. 376,751 and Receivables of Kshs. 5,397,573 out of which SHA Receivables was Kshs. 796,423 and NHIF pending of Ksh. 4,601,150. In-Kind contribution from the County Government as revenue for the year was Kshs. 28,455,350 which was a combination of salary and wages and drawing rights. The hospital made significant strides in improving the health and well-being of the community it serves. Some of the successes includes reducing maternal and child mortality, increasing vaccination coverage including covid-19, improving access to healthcare services through outreaches and enhancing the overall outcomes of the population. It's important to note that during the period under review the facility did not record any maternal deaths.

Despite its success Got Agulu sub county hospital faced several challenges during the period under review that hindered its ability to effectively meet the healthcare needs of the community. Some of these challenges include; limited funding and resources, under-staffing of professional medical personnel, infrastructure constraints and inadequate medical equipment and supplies. Additionally, the hospital on numerous occasions may face challenges related to disease outbreaks. Flooding along the river Yala disrupted patient access to the facility, this in the long run led to surge in disease burden in the community at the same time healthcare workers faced hazardous condition while crossing the river to get to the hospital.

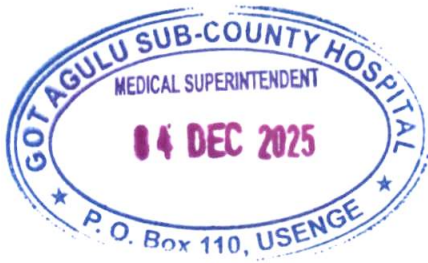
Looking into the future, Got Agulu sub county hospital is committed to overcome its challenges in the subsequent years in conjunction with Siaya county government and the department of health and all the relevant stakeholders.

This will further improve the quality and scope of healthcare services provided in the community. The hospital aims to seek additional funding, deployment of more healthcare professionals, upgrade its infrastructure and equipment and expand the scope of its healthcare programs to address emerging health issues and community needs. By focusing on innovation, collaboration and community engagement, the hospital is poised to continue making a positive impact on health and well-being of the community it serves.

Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025



.....
Name: Patrick Okere
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of Got Agulu Sub-County Level 4 Hospital is in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of Got Agulu Sub-County Hospital Level 4 Hospital performance against predetermined objectives

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable Deaths	Reduce disease burden in Siaya County	% of Clients counselled and tested for HIV	80%
			% of HIV positive clients linked to care	96%
	% of WRA who know their HIV Status		92%	
	Percentage of HEI turning HIV positive at 18 months		3%	
	% of clients with viral load <1000c/ml		89%	
	No. of accredited CHVs given Feedback		28	
	No. of CHVs sensitized on eye Health		28	
	No. of half jackets Distributed		100	
	No. of CHVs sensitized on NCDs		28	
	No. of HHs reached with COVID19 Messages		500	

8. Corporate Governance Statement

During the year under review, the facility did not have an active Board of management. This is because not all members who were submitted to the assembly for vetting and approval were approved. The approved members have since been not inducted. In the subsequent year (FY 2025-2026) endeavour to establish the board of management.

9. Management Discussion and Analysis

Clinical/operational performance

Got Agulu sub county hospital have been providing essential healthcare to the community throughout the year under review. The hospital has been offering a range of medical services including Primary Health Care, Emergency services, Inpatient services, Outpatient services, HIV care services, Maternal and Child Health services, maternity services, Laboratory, Pharmacy Radiology and Mortuary services. Additionally, the hospital has been conducting health education and promotion services to promote health awareness and prevent diseases.

The hospital covers a target population of 14,819 against whom we covered these targets:

Department	Target
OPD	4,382
Special Clinics	257
Maternity	378
HIV/CCC	2,137
ANC	1,073
PNC	617
CWC	3,157
Family Planning	876

With a bed occupancy of 83% and average hospital stay of 4 days.

Disease burden for the Hospital target population is as stipulated below.

NO	UNDER FIVES	OVER FIVES
1	Malaria	Malaria
2	Skin Diseases	Skin Diseases
3	Anaemia	Diarrhoea
4	Ear infections	Anaemia
5	Dysentery	Arthritis/Arthralgia
6	Burns	Dental Disorders
7	Asthma	Asthma
8	Dog bites	Abortion
9	Chicken pox	Dog bites
10	Diseases of the Puerperium and Child Birth	Dysentery

Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025

Financial performance that includes: -

Got Agulu Sub County Hospital was able to generate a total revenue of Kshs. 44,604,763 constituted of:

Details	Amount (Kshs)
In Kind Contribution (county Government of Siaya)	28,455,350
Donation	6,788,956
Medical Service Income	9,360,457
Totals	44,604,763

The funds were utilised as follows:

Details	Amount (Kshs)
Medical/Clinical Cost	11,699,891
Employee Cost	25,814,965
Depreciation and Amortization Expense	219,583
Repairs and Maintance	954,900
Grands and Subsidies	455,125
General Expenses	2,497,925
Totals	41,652,389

This leave a total surplus of Kshs. 2, 952, 374 under the financial year under review.

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

Got Agulu Sub-County Level 4 Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection and sourcing for local service providers.

In consultative planning and budgeting process, Got Agulu Sub-County Level Hospital has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The Hospital has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the hospital. These efforts are aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from the National Government. In the end, the county is also promoting sourcing of services from local providers with an objective of "buying Siaya building Siaya". This translates to promoting local goods and services that will ultimately build the local economy.

While implementing the above sustainability priorities, there are broad political and macroeconomic trends from the National outlook that are likely to affect their realization. The major macroeconomic trend projected is high cost of inflation in the country. The high inflation rate will affect the cost of living and production cost that will negatively affect the business environment and eventually own source revenue collection. Similarly, the country is also headed in the electioneering period and the political environment interfere with the sustainability priorities. Notwithstanding, the county will align its policies to adjust to the microeconomic conditions and implement succession management plan in the transition period to manage the political environment.

However, in the course of implementation, there are challenges experienced across departments. They include; inadequate staffing, inadequate funding and delays in disbursement of funds.

ii) Environmental performance

Got Agulu Sub-County Level 4 Hospital is yet to establish an environmental policy however, the county has adopted National laws to guide the public and help in compliance with environmental laws. Some of the environmental and climate change issues experienced in the County include; deforestation in hills, flooding in areas near water bodies, pollution in urban areas, drought and famine, invasive species, loss of biodiversity and change in water levels especially in Lake Victoria. To manage these

environmental hazards, the hospital is; developing policies that will help protect the environment; investing in woodlots to promote tree planting, establishing designated dumping sites for waste management; promoting irrigation; establishing dykes in flood prone areas; preserving indigenous trees and certain wild animals.

iii) Employee welfare

To improve staff performance, Got Agulu Sub Hospital has initiated capacity building programs to staffs through trainings by Kenya School of Government and partners such as World Bank. Further, the Human Resource department coordinates staff appraisal, performance contracting and propose rewards and sanctions. The hospital through department of health has complied with Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regular trainings on drug and substance abuse and providing PPEs to staffs in health-related fields.

iv) Market place practices-

a) Responsible competition practice.

Got Agulu being an appendage of the County Government of Siaya was declared a corruption free zone. The Facility advocates for fairness in the provision of its services to the public. It has fully adopted cashless payment method and embraces sensitization to the public on any outbreaks. It has its services outlined in the service charter indicated on the signage as well as respective departments where services are being offered for easier access of information.

b) Responsible Supply chain and supplier relations

Through the support of the departmental Supply Chain Officer, the facility owns suppliers responsibly by following the tendering criteria and honouring contracts and endeavouring to pay for goods and services received on time. The facility is as well committed to clearing its pending debts upon verification of the supply to in a timely manner.

c) Responsible marketing and advertisement or Responsible engagement with citizens

All advertisements of tenders for supply of goods and services for the Hospital are openly displayed in public. Similarly, advertisements for employment vacancies are publicly displayed.

d) Product stewardship or Awareness Creation

The Hospital has a padlocked complaints/suggestion box as well as complain register where clients who are not satisfied in one way or the other right from service deliver to staff conduct can anonymously register their complaints. This is later reviewed by the responsible committee for corrective measures.

v) Corporate Social Responsibility / Community Engagements

Got Agulu Sub County Hospital is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various sectors have partnered with NGO's to provide CSR services. In health sector, the county has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements.

11. Report of The Board of Management

During the year under review, the facility did not have an active Board of management. This is because not all members who were submitted to the assembly for vetting and approval were approved. The approved members have since been not inducted. In the subsequent year (FY 2025-2026) endeavour to establish the board of management.

Auditors

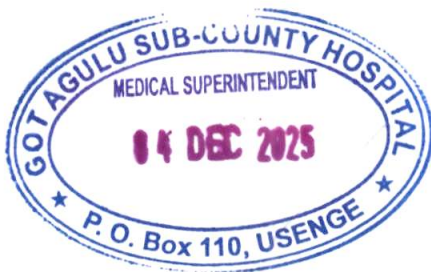
The Auditor General is responsible for the statutory audit of the *Got Agulu Sub County Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Name: Patrick Okere

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 Got Agulu Sub –County Level 4 Hospital, which give a true and fair view of the state of affairs of the Got Agulu Sub -County Level 4 Hospital at the end of the financial year/period and the operating results of the Got Agulu Sub -County Level 4 Hospital for the year 2024/2025. The Board of Management is also required to ensure that Got Agulu Sub -County Level 4 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Got Agulu Sub -County Level 4 Hospital. The council members are also responsible for safeguarding the assets of the Got Agulu Sub -County Level 4 Hospital. The Board of Management is responsible for the preparation and presentation of Got Agulu Sub -County Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the Got Agulu Sub -County Hospital y for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Got Agulu Sub -County Level 4 Hospital,

(iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Got Agulu Sub -County Level 4 Hospital; (v) Selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Hospital Management Team (HMT) in collaboration with the Department of Health Siaya County acting on behalf Board of Management accepts responsibility for Got Agulu Sub -County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that Got Agulu Sub -County Hospital financial statements give a true and fair view of the state of Got Agulu Sub -County Level 4 Hospital transactions during the financial year ended June 30, 2024, and of Got Agulu Sub-County Level 4 Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Got Agulu Sub -County Level 4 Hospital, which have been relied upon in the preparation of Got Agulu Sub -County Level 4 Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Hospital Management Team to indicate that Got Agulu Sub -County Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement

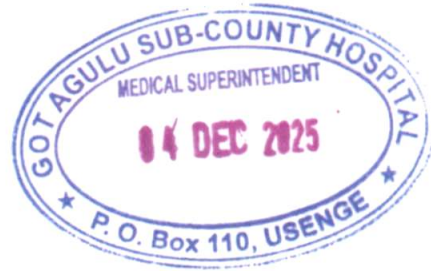
Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025

Approval of the financial statements

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

.....
Name:
Chairperson
Board of Management


.....
Name: Patrick Okere
Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 GOT AGULU SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF SIAYA

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 Got Agulu Sub-County Level 4 Hospital set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

Report of the Auditor-General on Got Agulu Sub - County Level 4 Hospital for the year ended 30 June, 2025 – County Government of Siaya

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 Got Agulu Sub-County Level 4 Hospital 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 Health Act, 2017, Siaya County Health Services Act, 2019, County Government Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Depreciation and Amortization Expense

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects an amount of Kshs.219,583 in respect of depreciation and amortization expense. However, the values of office equipment, furniture & fittings and plant & machinery were not disclosed in the assets register and property, plant and equipment movement schedule in Note 32 to the financial statements.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amounting to Kshs.219,583 could not be confirmed.

2. Unsupported Grants and Subsidies

The statement of financial performance and as disclosed in Note 20 to the financial statements, reflects an amount of Kshs.455,125 in respect of grants and subsidies. However, the Hospital Management have not provided supporting documents to show how much total revenue was received to enable the calculation and transfer of 25% of all its revenues to revenue operations account for health centers and dispensaries.

In the circumstances, the accuracy and completeness of Kshs.455,125 in respect of 25% transferred to health centers and dispensaries could not be confirmed.

3. Variances between Financial Statements and Supporting Schedules

Note 21 to the financial statements show an amount of Kshs.2,497,925 in respect of general expenses. However, the financial statement figure and the supporting schedules provided for audit review show unexplained variances as follows;

- i. The financial statements amount for printing and stationery is Kshs.431,420 while supporting schedule reflects an amount of Kshs.723,800 resulting to unexplained variance of Kshs.292,380.
- ii. The financial statements amount for other fuels is Kshs.335,500 while supporting schedule reflects an amount of Kshs.375,500 resulting to unexplained variance of Kshs.40,000

In the circumstances, the accuracy and completeness of the general expenses amounting to Kshs.2,497,925 could not be confirmed.

4. Undisclosed and Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statement reflects a balance of Kshs.8,051,478 in respect of property, plant and equipment comprising of Kshs.7,825,378 and Kshs.226,100 for buildings and ICT equipment respectively. However, review of asset registers revealed office equipment, furniture & fittings and plant and machinery, Land Parcel No. Siaya/Got Agulu/358 measuring 2.2 Ha on which the Hospital occupy were not disclosed under property, plant and equipment.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.8,451,478 could not be confirmed.

5. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflects a balance of Kshs.3,998,957 in respect of trade and other payables. However, outstanding invoices and supplier statements were not provided for audit review. Further, Management did not demonstrate measures and efforts put in place to ensure bills are paid in time to avoid further accumulation and possible litigation costs.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.3,998,957 could not be confirmed.

6. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 29 to the financial statements reflects a balance of Kshs.5,397,573 in respect of receivables from exchange transactions. However, review of the aging analysis indicates that receivables outstanding for a period exceeding one (1) year amounted to Kshs.4,601,150. These balances have remained uncollected for over twelve (12) months and its recoverability remains doubtful. No evidence was provided to show efforts made to recover them.

In the circumstances, the recoverability is of the long outstanding receivables amounting to Kshs.4,601,150 could not be confirmed.

7. Unsupported Capital Fund

The statement of financial position as well as the statement of changes in Net Assets reflects an amount of Kshs.7,990,061 in respect of Capital Fund. However, the amount has not been supported with documentary or any other evidence.

In the circumstances, the existence of the Capital Fund account of Kshs.7,990,061 could not be confirmed.

8. Unreconciled Revenue from Rendering of Services – Medical Service Income

The statement of financial performance reflects an amount of Kshs.9,360,457 in respect of revenue from exchange transactions. This amount as indicated in Note in Note 11 to the financial statements includes an amount of Kshs.2,960,526 in respect

of SHA/NHIF, Kshs.2,283,740 relating to Linda Mama, and an amount of Kshs.3,334,818 relating to Facility Improvement Fund (FIF). However, records maintained by the County's Receiver of Revenue indicates an amount of Kshs.2,844,230 relating to SHA/NHIF, Kshs.930,220 relating to Linda Mama and an amount of Kshs.2,956,479 relating to FIF. No reconciliation has been provided for the variance implying that the Receiver of Revenue reported less revenue from rendering services by an amount of Kshs.1,848,175

In the circumstances, the completeness and accuracy of the reported revenue on rendering of services -medical service income could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following four (4) issues remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in Comparative Balance Under Statement of Changes in Net Assets
2	2023/2024	Non-Disclosure of Property, Plant and Equipment
3	2023/2024	Lack of an Approved Budget
4	2023/2024	Lack of Hospital Board Management
5	2023/2024	Lack of Internal Audit Unit and Audit Committee
6	2023/2024	Service Delivery Gap
7	2023/2024	Weakness in the Internal Controls in Stores and Lack of Inventory Management Systems
8	2023/2024	Lack of Policy Documents

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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. Non-Compliance with Statutory Requirements on Hospital Board Composition and Appointment.

Review of the Kenya Gazette Notice dated 14 March, 2025 show that two board members whereas appointed members of the Hospital Board. However, no appointment letters were provided to support the nomination and approval process for the two gazetted Board members, contrary to the requirements of Section 12 of the Siaya County Health Services Act, 2019, which requires the CECM to identify, nominate, and forward qualified individuals to the County Assembly for approval prior to gazettelement.

In addition, review of a letter from the County Executive Committee Member (CECM) for Health show that the CECM appointed *ex-officio* member/secretary to the Hospital Management Board. However, nomination documents and the gazette notice did not include the following mandatory positions as required under the Second Schedule of the Act:

- a. A non-executive chairperson nominated by the CECM and appointed by the Governor,
- b. A representative from the County Director of Health,
- c. One representative from each of the following groups:
 - Faith-based organizations,
 - Organizations representing persons with disabilities,
 - Health insurance sector,
- d. A person with knowledge or experience in finance or accounting.

This shows that the Hospital Board is not fully constituted, and the process followed did not demonstrate compliance with the nomination and approval requirements of the Siaya County Health Services Act, 2019.

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

2. Use of Asbestos Roof

Physical inspection of the Hospital's premises revealed that four (4) residential houses within the Hospital still have asbestos roof even after the ban on the use of asbestos material in Kenya in the year 2006.

This is contrary to Environmental Management and Coordination (Waste Management) Regulations, 2006 which classifies asbestos as hazardous waste.

In the circumstances, Management is in breach of the law

3. Failure to Prepare and Submit Procurement Quarterly Reports

Management have not prepared and submitted quarterly reports on the implementation of the procurement plan contrary to Regulation 40(6) of the Public Procurement and Asset Disposal Regulations 2020 which states that an accounting officer of a procuring entity shall prepare a quarterly report on the implementation of the annual procurement plan and submit it to the Cabinet Secretary or county executive committee member for finance or responsible for the procuring entity or the governing body, as the case may be.

In the circumstances, Management is in breach of the law

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

Review of Hospital 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 89% of the authorized establishment.

Staffing Requirement	Level 4 Requirement	In Post	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100

Staffing Requirement	Level 4 Requirement	In Post	Variance	Percentage %
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	11	64	85
Total	101	11	90	89

In addition, the Hospital did not provide required services and lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Equipment and Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Bed Capacity	150	17	133	89
Incubators (Newborn)	5	0	5	100
Cots	5	0	5	100
Resuscitative in Theatre	1	0	1	100
Resuscitative in Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Equipment and Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theatres Maternity and General	2	0	2	100
Services Offered				
Surgical Services				Not available
Pediatrics Services				Not available
Gynecology Services				Not available
Radiology Services				Not available
Renal Services				Not available
Tuberculosis Services				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, the Hospital will not be able to deliver on its mandate.

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

Review of procurement records and documents revealed that the Hospital signed and awarded several contracts after 1 September, 2024 to various firms amounting to Kshs.1,1912,390. However, Management did not deduct an amount of Kshs.356, the mandatory Capacity Building Levy at the rate of 0.03% of the contract sum from suppliers on procurement contracts signed after 1 September, 2024.

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

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

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 Policy Documents

It was noted that the Hospital does not have in place a Strategic plan, Operational plan, risk management policy, disaster management and recovery policy, ICT Policy and finance policy among others. This may lead to failure to prevent or detect risk as well as weak internal controls.

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

2. Weakness in Internal Controls in Stores and Lack of Inventory Management System

It was noted that the Hospital had different stores for each department, manned by user departments. However, the stores were manned by staff with no technical training

in stores management. In addition, lack of segregation of duties was noted as the same officer in charge of stores requisitioned for stocks, made issuance, utilized the stores, maintained stores records and carried out stock take with no evidence of checks and balances. Furthermore, there was lack of inventory management system for recording stock received or issued.

In the circumstances, effectiveness of internal controls implemented in the stores department to safeguard against possible losses could not be confirmed.

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

Responsibilities of the Management and the Hospital Management Board

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	28,455,350	3,320,912
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	6,788,956	11,605,906
		35,244,306	14,926,818
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	9,360,457	10,712,680
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
		9,360,457	10,712,680
Revenue from exchange transactions		44,604,763	25,639,498
Total revenue			
Expenses			
Medical/Clinical costs	15	11,709,891	6,026,072
Employee costs	16	25,814,965	1,484,550
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	219,583	-
Repairs and maintenance	19	954,900	458,170
Grants and subsidies	20	455,125	-
General expenses	21	2,497,925	3,373,457
Finance costs	22	-	-
Donation expense			11,605,906
		41,652,389	22,948,154
Total expenses			
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions			
		-	-
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		2,952,374	2,691,344

(The notes set out on pages 27 to 49 form an integral part of the Annual Financial Statements.)

Got Agulu Sub County Hospital (Siaya County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2025

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

.....

Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent



Got Agulu Sub County Hospital (Siaya County Government)
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15. Statement of Financial Position As At 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	662,021	246,515
Prepayments	28	-	-
Receivables from exchange transactions	29	5,397,573	4,616,200
Receivables from non-exchange transactions	30	-	-
Inventories	31	3,521,664	1,897,533
Total Current Assets		9,581,257	6,760,249
Non-current assets			
Property, plant, and equipment	32	8,051,478	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		8,051,478	-
Total assets (A)		17,632,736	6,760,249
Liabilities			
Current liabilities			
Trade and other payables	36	3,998,957	4,068,905
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		3,998,957	4,068,905
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		3,998,957	4,068,905

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Net assets (A-B)		13,633,779	2,691,344
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		5,643,718	2,691,344
Capital Fund		7,990,061	
Net Assets		13,633,779	2,691,344

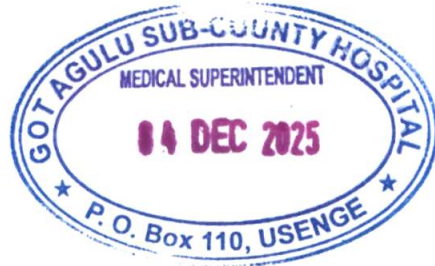
(The notes on pages 27 to 49 form an integral part of the Annual Financial Statements.)

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

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No:

.....
Medical Superintendent



Got Agulu Sub County Hospital (Siaya County Government)
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16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)		3,985,631	-	3,985,631
Revaluation gain		-	-	
Surplus/(deficit) for the year		2,691,344	-	
Capital/Development grants		-	-	
As at June 30, 2024 (previous year)		2,691,344	-	2,691,344
At July 1, 2024 (current year)	-	2,691,344	-	2,691,344
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,952,374	7,990,061	10,942,435
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	5,643,718	7,990,061	13,633,779

Got Agulu Sub County Hospital (Siaya County Government)
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17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			-
Grants from donors and development partners			-
Transfers from other Government entities			-
Public contributions and donations			
Rendering of services- Medical Service Income		8,579,084	6,096,480
Revenue from rent of facilities			-
Finance / interest income			-
Miscellaneous receipts(<i>specify</i>)			-
Total Receipts		8,579,084	6,096,480
Payments			
Medical/Clinical costs		3,831,048	2,864,500
Employee costs			
Board of Management Expenses			-
Repairs and maintenance		954,900	458,170
Grants and subsidies		455,125	-
General expenses		2,641,505	3,134,862
Finance costs			-
Refunds paid out			-
Total Payments		7,882,578	6,457,532
Net cash flows from operating activities	43	696,505	(361,052)
Cash flows from investing activities			
Purchase of property, plant, equipment		281,000	-
Purchase of intangible assets			-
Proceeds from the sale of PPE			-

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Acquisition of investments			-
Net cash flows used in investing activities		281,000	-
Cash flows from financing activities			
Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents		415,505	(361,052)
Cash and cash equivalents as at 1 July 2024	27	246,515	607,568
Cash and cash equivalents as at 30 June 2025	27	662,021	246,515

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

*Got Agulu Sub County Hospital (Siaya County Government)
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18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilisation
	a	Kshs	b	Kshs	c=(a+b)	Kshs	d	Kshs	e=(c-d)	Kshs	
Budget carryovers from the previous year											
Receipts											
Transfers from the County Government											
In kind contribution from county government	25,858,611		-		25,858,611		28,455,350		(2,596,739)		110
Transfers from other Government entities											
Public contributions and donations	12,766,496				12,766,496		6,788,956		5,977,540		53
Rending of services- Medical Service Income	6,309,867				6,309,867		8,579,084		(2,269,217)		136
Revenue from rent of facilities											
Finance / interest income											
Miscellaneous receipts (<i>specify</i>)											
Total receipts	44,934,975				44,934,975		43,823,390		1,111,585		98
Payments											
Medical/Clinical costs	18,106,631				18,106,631		13,210,389		4,896,242		73
Employee costs	23,957,976				23,957,976		25,814,965		(1,856,989)		108
Remuneration of directors											
Repairs and maintenance	1,057,900				1,057,900		954,900		103,000		90
Grants and subsidies							455,125		(455,125)		
General expenses	1,812,467				1,812,467		2,691,505		(879,038)		148
Finance costs											
Refunds											
Total Operational Expenditure paid	44,934,975				44,934,975		43,126,885		1,808,090		
Capital Expenditure paid							281,000				
Surplus							415,505				

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Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

ITEM	PERCENTAGE	EXPLANATION
In kind contribution from county government	110%	A projection of 10% increase out of previous year in kind contribution was made. However, there was more allocation to on employee cost than projected due to increase in staff and wage bill.
Public contribution and donation	53%	A projection of 10% increase out of previous year public contribution and donation was made. However, there was a reduction in public contribution and donation which the facility have less control over.
Rendering of medical service income	136%	A projection of 10% increase out of previous year rendering of medical services was made. However, the facility perform better than the projection made
Medical/Clinical Cost	73%	This was as a result of reduction on public contribution and donation which have a contributing factor to the medical cost
Employee Cost	108%	This resulted to increase in staff level and allocation
General Expenses	148%	The over expenditure resulted from better financial performance of the facility during the financial year under review

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	415,505
1	Reason for differences (Timing)	
2	Reason for differences(Operating)	
3	Reason for differences(Investing)	
4	Reason for differences(Opening cash and cash equivalent)	246,515
	Closing Cash and Cash Equivalent as per the statement of Cash flows	662,021

19. Notes to the Financial Statements

1. General Information

Got Agulu Sub County Hospital is established by and derives its authority and accountability from gazette notice number 87. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of health services

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Chief Officer of Health and Sanitation on 1/4/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of *Nil* on the FY 2024/2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

ITEM	DEPRECIATION TATE
Building	2%
Computer and other ICT Equipment	30%

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance*	Amount to deferred income	Amount under deferred income	Amount recognised in capital fund.	Total grant in income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs	KShs
xx County Government	-	-	-	-	-	-
Total	-	-	-	-	-	-

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Medical supplies-Pharmaceuticals	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	25,814,965	1,484,550
Medical supplies-Pharmaceuticals	1,395,432	340,817
Non-Pharmaceutical Supplies	712,165	1,104,402
Laboratory	482,788	391,143
Utility bills (Refined Fuel)	50,000	-
Total grants in kind	28,455,350	3,320,912

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

(Provide brief explanation for this revenue)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant in income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	6,788,956	11,605,906
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	6,788,956	11,605,906

(This include donation with regard to family planning, ARVs, Anti Malaria, EMMS and Laboratory materials for test procedures)

10 (a) Reconciliations of amortised grants

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025 Kshs	2023-2024 Kshs
Pharmaceuticals	607,431	485,800
Non-Pharmaceuticals	139,450	525,655
Laboratory	858,955	587,680
Radiology	35,450	-
Records	141,120	344,330
OPD	101,725	163,346
Mortuary	920,400	702,350
Inpatients	530,287	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
SHA reimbursement	2,583,775	4,616,200
NHIF reimbursement	376,751	2,860,439
Lindamama R reimbursement	2,283,740	426,880
SHA Outstanding for the financial year 2024/2025	781,373	-
Total revenue from the rendering of services	9,360,457	10,712,680

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	-	-

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	1,596,583	2,085,394
Public health activities	-	-
Food and Ration	1,585,255	1,534,495
Uniform, clothing, and linen	204,774	40,000
Dressing and Non-Pharmaceuticals	415,105	1,163,036
Pharmaceutical supplies	7,552,904	915,647
Health information stationery	80,000	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	275,270	287,500
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	11,709,891	6,026,072

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	25,814,965	1,484,550
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	25,814,965	1,484,550

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025 Kshs	2023-2024 Kshs
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	-	-

18. Depreciation and Amortization Expense

Description	2024-2025 Kshs	2023-2024 Kshs
Property, plant and equipment	219,583	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	219,583	-

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	929,000	433,170
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	10,000	-
Computers and accessories	15,900	25,000
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	954,900	458,170

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025 Kshs	2023-2024 Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Transfer of 25% to Health Centres and Dispensaries	455,125	-
Total grants and subsidies	455,125	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

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Notes to the Financial Statements (Continued)

21. General Expenses

Description	2024-2025 Kshs	2023-2024 Kshs
Advertising and publicity expenses	-	-
Catering expenses	40,000	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	55,645	8,331
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	240,000	120,000
Electricity expenses	186,000	435,800
Fuel and Lubricants	73,000	215,500
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	129,080	179,500
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	431,420	1,219,169
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	152,800	76,000
Skills development levies	-	-
Telephone and mobile phone services	129,900	69,000
Internet expenses	72,000	71,097
Staff training and development	21,000	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette	-	-
General Office Supply	430,580	-
Transfer of 25%	-	814,060
Purchase of office appliances	81,000	165,000
Land survey fee	70,000	-
Purchase of software	50,000	-
Other Fuels	335,500	-
Total General Expenses	2,497,925	3,373,457

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Notes to the Financial Statements (Continued)

22. Finance Costs

Description	2024-2025 KShs	2023-2024 KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. Gain/Loss on Disposal of Non-Current Assets

Description	2024-2025 KShs	2023-2024 KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2024-2025 KShs	2023-2024 KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	-	-

26. Impairment Loss

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	662,021	246,515
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	662,021	246,515

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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Notes to the Financial Statements (Continued)

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

Description	2024-2025		2023-2024
	Account number	KShs	KShs
a) Current account			
Cooperative bank	1141623362000	492,358	243,661
Corporative bank	1141623362001	169,662	2,854
Sub- total		662,021	246,515
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total			
c) Fixed deposits account			
Bank Name		-	-
Sub- total			
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total			
Grand total		662,021	246,515

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

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29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	5,397,573	4,616,200
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	5,397,573	4,616,200

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	796,423	15		
Between 1- 2 years	4,601,150	85		
Between 2-3 years	-	-		
Over 3 years	-	-		
Total (a+b)	5,397,573	100		

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30. Receivables From Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	1,120,855	232,007
Non- Pharmaceuticals supplies	1,683,218	1,025,360
Food supplies	17,360	8,315
Other Fuels	12,500	25,000
Laboratory supplies	486,181	570,531
Administration supplies	201,550	36,320
Less: provision for impairment of stocks	-	-
Total	3,521,664	1,897,533

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Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
		2%		12.50%	30.00%	12.50%			
Cost									
At 1 July 2023 (previous year)	-	8,154,744	-	-	-	-	-	-	8,154,744
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	7,990,061	-	-	-	-	-	-	7,990,061
At 1 July 2024 (current year)	-	7,990,061	-	-	-	-	-	-	7,990,061
Additions	-	-	-	-	281,000	-	-	-	281,000
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	7,990,061	-	-	281,000	-	-	-	8,271,061

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Depreciation and impairment									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	164,683	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	164,683
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	164,683	-	-	-	-	-	-	-
At July 2024 (current year)	-	-	-	-	-	-	-	-	164,683
Depreciation	-	164,683	-	-	54,900	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	219,583
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	164,683	-	-	54,900	-	-	-	-
									219,583
Net book values									
At 30 th Jun 2024 (previous)	-	7,990,061	-	-	-	-	-	-	-
At 30 th Jun 2025 (current)	-	7,825,378	-	-	226,100	-	-	-	7,990,061
									8,051,478

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions–Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	2024-2025	2023-2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	-	-
Impairment	-	-
At end of the year	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025 Kshs	2023-2024 Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024-2025 KShs		2023-2024 KShs	
	Trade payables	3,998,957		4,068,905
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	3,998,957		4,068,905	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	669,044	17	574,520	14
1-2 years	1,024,610	26	509,292	13
2-3 years	2,105,803	53	2,785,593	68
Over 3 years	199,500	5	199,500	5
Total	3,998,957	100	4,068,905	100

37. Refundable Deposits from Customers/Patients

Description	2024-2025 KShs		2023-2024 KShs	
	Medical fees paid in advance	-		-
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2-3 years				
Over 3 years				
Total				

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38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
Total provisions	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

39. Finance Lease Obligation

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

41. Borrowings

Description	2024-2025 KShs	2023-2024 KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	2024-2025 KShs	2023-2024 KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024-2025 KShs	2023-2024 KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

43. Cash Generated from Operations

Description	2024-2025 KShs	2023-2024 KShs
Surplus for the year before tax	2,952,374	
Adjusted for:		
Depreciation	219,583	
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory	(1,624,131)	
Increase in receivables	(781,373)	
Increase in deferred income		
Increase in payables	(69,948)	
Increase in payments received in advance		
Net cash flow from operating activities	696,505	

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

Notes to the Financial Statements (Continued)

45. 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

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

46. Segment Information

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

47. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

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48. Capital Commitments

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

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in Comparative Balance under Statement of Changes in Net Assets	The financial statement for the Prior year was adjusted to arrive at the correct opening and comparative balances for FY 2023/2024. Journals supporting the variance was provided during the audit and the same is hereby attached for verification	Resolved	
2.	Non-Disclosure of Property, Plant and Equipment	The County is yet to develop Asset Management Policy for Property, Plant and Equipment. As a result, prior year asset acquisitions (land, buildings, furniture, computers and equipment) of undetermined value could not be included in the financial statements since ownership and asset values could not be reasonably ascertained. The county in collaboration with the National Treasury is the process of developing Asset Management Policy which when finalized will enable recognition of prior year asset acquisitions in the financial statement. Note that IPSAS 33 allows for a transition period of	Not Resolved	F/Y 2025/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		3 years to prepare policy documents and also to confirm values to be carried to the Financial Statement.		
	Other Information			
1.	Lack of an Approved Budget	At the time of audit verification, the hospital board had not been constituted and Chief Officer for Health Services approved the budget for the facility and was availed for verification	Resolved	
2.	Lack of Hospital Board of Management	The process of recruiting Hospital Board is ongoing and currently the names of the proposed board members have been forwarded to the County Assembly for vetting and approval as per the attached forwarding letter.	Not Resolved	F/Y 2025/2026
3.	Lack of Internal Audit Unit and Audit Committee	During the period under review the County had not established audit committee. The audit committee has since been appointed and gazetted.	Resolved	
4.	Service Delivery Gap	In the Siaya County CIDP 2023-2027 the county planned to employ 163 health care workers and improve access to specialised services to comply with the requirements of Kenya Quality Model for Health Policy Guidelines (as per the attached CIDP extract pg 26). The county government have since deployed four staff to the facility to help improve its services to the citizens	Not Resolved	2027

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)
	Report on the effectiveness of the internal control, Risk Management and Governance			
1.	Weakness in the internal controls in Stores and lack of Inventory Management Systems	The Audit observations are noted and wish to state that a committee was appointed to undertake stock taking which was confirmed to be valued at Ksh. 1,897,533.32. Segregation of duties has as well been put in place so that the officer doing requisition doesn't receive and issue items to enable checks and balances.	Resolved	
2.	Lack of Policy Documents	The Directorate of ICT established by the County Government of Siaya carries out the functions. The hospital has an ICT officer and also relies on technical back stopping from County directorate of ICT that has also seconded two officers to the health department. The Hospital is currently using the National Government Public Sector Risk Management Guidelines as we work towards developing our Management Risk Policy.	Not Resolved	F/Y 2025-2026

Guidance Notes:

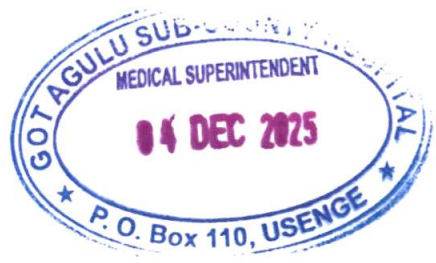
- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer



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Appendix II: Projects Implemented by The Entity

Projects

No project by any development partner was implemented at the facility during the financial year under review.

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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