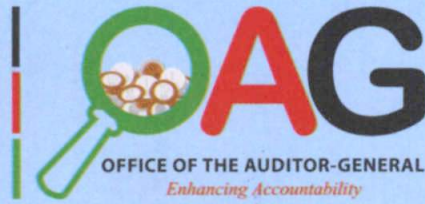


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REPORT

OF

THE AUDITOR-GENERAL

ON

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SIGOMERE SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF SIAYA



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SIGOMERE SUB COUNTY LEVEL IV HOSPITAL

Siaya County Government

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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

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

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1. Acronyms & Glossary of Term

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key financial management personnel in an entity
MCH	Mother Child Health
CHS	Centre for Health Solutions
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Authority
MEDS	Mission for Essential Drugs
MoH	Ministry of Health
SOP	Standard Operating Procedure
USAID	U.S. Agency for International Developments
ISO	International Standard Organization
EMR	Electronic Medical Record
CME	Continuous Medical Education
SDP	Service delivery points
HMT	Hospital Management Team
NHIF	National Insurance Fund
SHA	Social Insurance Authority
SHIF	Social Health Insurance Fund
PPE	Property/Plant and Equipment

2. Key Entity Information and Management

(a) Background information



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

Principal Activities

The principal activity/mission/ mandate of the hospital is to offer curative and preventive medical services

Services offered in Sigomere Sub County Hospital ranges from curative to preventive outpatient to inpatient services. Some of the departments available include:

1. Ultrasonography
2. Outpatient consultation
3. Laboratory with general and few specialized tests
4. Minor theatre/Causality
5. MCH services including family planning
6. Maternity services
7. Inpatient services; paediatricians, general medical, surgical cases and partly gynaecological cases
8. Pharmacy department also available.
9. Radiology
10. Orthopaedic and prosthetics services
11. Nutrition and Dietetics
12. Community Health Promoters services

13.HIV Testing and Counselling Services

Vision

Striving to be the best Sub County Hospital with affordable health care in a manner that exceeds patient expectations.

Mission

Continuously improve health care for the public in collaboration with other stakeholders by evaluating healthcare organizations and inspiring them to excel in providing safe and effective care of highest quality and value.

Motto

Service to humanity is service to God.

Core objectives

- Working together as a team for patients come first in everything we do.
- Respect and dignity to be given to our patients
- Commitment to quality health care
- Improving lives and showing compassion to patients
- Everyone Counts

(b) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Executive Expenditure Committee

(c) 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	Ousborn Odhiambo
2.	Head of finance	Kennedy Ooko
3.	Hospital Administrative Officer	Mary Okwako
4.	Nursing Manager	Rebecca Wamukoya

(d) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit Committee
- Risk Committee
- County Assembly
- CHMT Committee

- Parliamentary Committee

Key Entity Information and Management (continued)

(e) Entity Headquarters

P.O. Box 36 Sigomere
Ugunja - Bukura Highway
Sigomere
KENYA

(f) Entity Contacts

Telephone: (+254) 705025864
E-mail: sigomerehospital@gmail.ke
Website: www.go.ke

(g) Entity Bankers

Kenya Commercial Bank
Account numbers- 1162169087
- 1106089049

(g) Independent Auditors

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

(h) Principal Legal Adviser

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




(i) County Attorney

P.O. Box. 7
Siaya, Kenya

3. The Board of Management

Ref	Directors	passport	Details
1.	Director 1 <i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i>		Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Director 2		
3.	Director 3		
4.	Director 4/Alternate		
5.	MED SUP		
6.	Entity Secretary		Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

4. Key Management Team

Ref	Management	Passport	Details
1.	<p>OUSBORN ODHIAMBO MEDICAL SUPERITENDANT</p>		<p>-BSC Clinician</p>
	<p>KENNEDY OOKO HOSPITAL ACCOUNTANT</p>		<p>-Diploma in Accounts</p>
4.	<p>MARY OKWAKO HOSPITAL ADMINISTRATOR</p>		<p>-Diploma in Administration</p>

5. Chairman's Statement

The Board members were appointed but only 4 were approved by the county assembly and gazetted. The board has not become fully operational.

.....

Name

Chairman to the Board

6. Report of The Medical Superintendent

Sigomere sub county hospital is a level 4 hospital in Ugunja sub county, Siaya County lying on approximately 2.5 acres of land and is headed by Medical superintendent as the head and having a HMT that makes decisions supported by Board on the availability basis. It's a public facility supervised by the Ministry of Health. Services offered range from curative to preventive outpatient to inpatient services. Some of the departments available include:

1. Radiology
2. Outpatient consultation
3. Laboratory with general and few specialized tests
4. Minor theatre/Causality
5. MCH services including family planning
6. Maternity services
7. Inpatient services; paediatricians, general medical, surgical cases and partly gynaecological cases
8. Pharmacy department also available.
9. Orthopaedic and prosthetics services
10. Nutrition and Dietetics
11. Community Health Promoters services
12. HIV Testing and Counselling Services

Currently, the facility has 37 permanent staffs out of which 5 are non-technical performing cleaning and revenue collection duties. The 32 technical staff comprises 6 clinical officers, 13 nurses, 3 laboratory technicians, 2 social workers, 1 pharmacy technologist, 5 health records officers 1 orthopedists, 1 nutrition and 3 public health officers. Non-medical staff are the hospital accountant and hospital administrator. Of importance the facility envisages to include further SDPs e.g.

1. Dental unit
2. Eye unit
3. Operational maternity theatre if not combined theatre
4. ENT department
5. Procurement department
6. Mortuary

Actualization of this would rely greatly on the support from local leadership of the community i.e. political, county government of Siaya and facility funds through FIF.

Further to the above plans the facility suffers major setbacks in Specialized personnel e.g medical officers to perform specialized service like surgeon, gynaecologist, dentist, optician etc, financial deficits and infrastructure. The standard staffing requirements for a level 4 hospital are not met and thus poses a management risk and even compromises the quality of care given.

The sources of money for the facility are;

1. Facility fee for service collection (FIF)
2. NHIF rebates

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

3.SHA

4.Grants from the county

5. Donations from development partners

With the inception of SHA, the facility has received steady reimbursements to a tune of Kshs **5,363,360.00**, the defunct NHIF reimbursed **Kshs 5,517,742.00**, Linda mama **Kshs 917,575.00** and out of pocket collections of **Kshs 4,993,709.00** giving a total of **Kshs 16,792,386.00** against **Kshs 7,475,039.00** realized in the last FY 2023/2024. The increment of **Kshs 9,317,347.00** has greatly improved services in our facility

With infrastructure as major component. His excellency the governor launched a maternity complex upon completion will boost maternal services. The hospital renovated OPD complex, laboratory, wards, pharmacy store, radiology and orthopaedic rooms which are now improved for better service delivery. The hospital also received generator from county which will go a long way in solving power gaps during power black outs to enhance uninterrupted service delivery. As government entities we also desire extra funding from the government for daily running and even to support in the development plans of the facility. Regular engagements and support would allow us to achieve the desired result.

The proposed and launched ultra-modern maternity being commissioned by His Excellency Hon. James Aggrey Bob Orengo- Governor- Siaya County



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

The county government deployed new technical staffs as per the cadres listed below. The coming in of the said officers have greatly improved on service delivery

No	Cadre	Number received
1	Clinical officers	5
2	Nurses	6
3	Health Records and Information officers	4
4	Nutritionists	1
5	Orthopaedic technologists	1
6	Pharmaceutical technologists	1
7	Social worker	2
8	Radiologists	1

OWBORN ODHAMBODI



Name

Secretary to the Board

7. Statement of Performance Against Predetermined Objective

Sigomere Sub County Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2:

Sigomere Sub County Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and sanitation	To reduce mortality from preventive deaths	Reduce diseases burden in Siaya County	% of clients counselled and tested for HIV	85%
			% of HIV positive clients linked to care	98%
			% of WRA who know their HIV status	93%
			% of HEI turning HIV positive at 18 months	2%
			% of clients with viral load <1000c/ml	90%
	To provide accessible and appropriate diagnostic and curative services		No. of accredited CHVs given feedback	28
			No. of CHAs sensitized on eye health	28
			No. of half jackets distributed	100
			No. of CHVs sensitized on NCDs	28
			No. of CHAs trained on community MNH	28

8. Corporate Governance Statement

The department of health advertised for the position of Board members. The interview was done and successful candidates were forwarded to the county assembly for further verification and approval. The assembly only approved 4 out of 8 members. This makes the board unable to operate constitutionally. The corporate governance statement will be availed as soon as board composition is completed.

9. Management Discussion and Analysis

Sigomere Sub County Hospital is headed by medical Superintendent Ousborn Odhiambo and also supported by NSM Rebecca Wamukoya, HAO Mary Okwako and Accountant Kennedy Ooko. The above team is closely supported by a Hospital management team [HMT] that comprises of departmental heads. Important operational decisions are supported by concerns from individual staffs through general staff meetings that are planned and conducted every quarter. Community engagement are also undertaken through public forum e.g. barazas, outreaches and even Community Health Assistant [CHA] attached to the facility. The facility is made up of different cadres ranging from clinical officers, nurses, laboratory and even subordinate staffs that take part in day to day activities of the facility.

Currently the facility lacks an active Board since the approval is done by assembly through the CECM Health which the process is underway. Supervision on management and general running of the facility is done through the sub county Health Management team [SCHMT] led by sub county medical officer of health and also by the county through the county Health Management team [CHMT] headed by the Chief Officer Health [COH]

Financial performance

Revenue sources

The facility gets funding from four main sources namely; FIF (Out of pocket collections), SHA claims and reimbursements, grants from County Government and Donations from Development Partners. Period under review, the facility realized a total revenue amounting to **Kshs 67,211,315.00**. Over the same period an expenditure amounting to **Ksh 61,998,574.00** was incurred, giving a surplus of **Ksh 5,212,741.00**. The facility accrued account trade payables of **Kshs 3,040,502.00 and Kshs 10,816,106.00** as receivables from exchange transactions. Facility's inventories for the period was **Kshs 3,172,974.00**.

Utilisation of funds

The hospital has realized tremendous growth in revenue since the inception of SHA reimbursements on claims submitted is prompt and this has made a lot of changes in boosting service delivery. The defunct NHIF also paid receivables carried forward from last financial year. As the facility encourages and promotes registration of clients into SHA, the same has negatively affected the out of pocket collections. Through improved revenues the facility was able to renovate OPD complex, radiology room, pharmacy store, orthopaedic room, laboratory waiting bay and the wards. The facility also increased stock of consumables which has greatly impacted positively on service delivery.

The county government through the department of health boosted the facility's staffing levels by deploying technical staff of different cadres beginning the current calendar year. The county equally supported the facility through in kind contribution given in form of drawing rights, payment of

permanent and pensionable staff salaries and part of casual wages. The hospital also realized increment in donations from development partners as compared to the last financial year. Of importance to mentioned the county government supported the facility through infrastructural developments by commissioning and launching of the ultra-modern maternity and provision of a stand by generator. CHS also donated a portable x-ray machine that has proved to be very efficient in detection of conditions that require radiological services.

Clinical/operational performance

In line with the improved service in the facility over the past year the bed occupancy significantly increased from an average of 70-87% with a total bed capacity of 43 beds. The number of beds increased from 25 to the current 43 which has addressed the challenge of patients sharing beds. We've been able to address congestion challenges at the outpatient and MCH departments. The mortality rate is below 1%. With clinical care improvements the facility currently runs specialized clinics in;

1. Psychiatry/epilepsy clinic.
2. Paediatric outpatient clinic.
3. Sickle cell clinic.
4. Medical outpatient clinic with Hypertension and diabetics being key.

Currently the special clinics has a total population of approximately 811 clients all of which attend and get services at the facility.



.....
Name; Ousborn Odhiambo

Medical superintendent

10.Environmental and Sustainability Reporting

Sigomere 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 organizations policies and activities that promote sustainability.

1. Sustainability strategy and profile

Sigomere sub county hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection sourcing for local service providers. In consultative planning and budgeting process, the county has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured the project ownership by the intended beneficiaries and ultimately creating the desired impact. The county has developed own source revenue collection strategy as a deliberate effort of laying down strategies improving own source revenue collected within the county. These efforts aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from 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 macro-economic trend 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 by electroengineering 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.

2. Environmental performance

Sigomere sub county hospital is yet to establish 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 water bodies, pollution in urban areas, drought and famine, invasive species, loss of biodiversity and change in water bodies especially in Lake Victoria

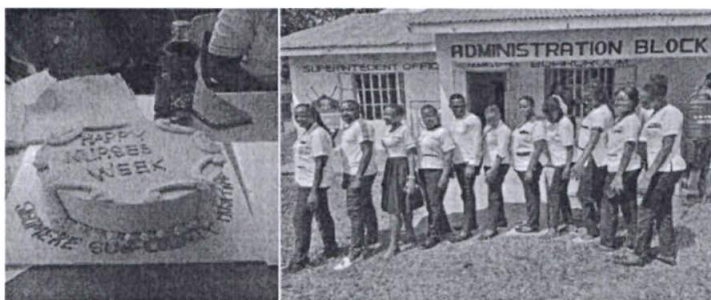


to manage these environmental hazards, the county is; developing policies that will help protect the environment; investing in woodlots to promote tree planting, establishing designated dumping sites for waste management; promoting irrigation; establishing dykes in flood prone areas; preserving indigenous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

3. Employee welfare

To improve staff performance, Sigomere sub county hospital has initiated capacity building programmes 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 county has complied to Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regularly trainings on drug and substance abuse and PPEs (Personal Protective Equipment) to staffs in health-related fields.





1) **Market place practices-**

a) Responsible competition practice.

- By offering quality service to all clients visiting the facility.
- By ensuring that clients are being handled with a positive attitude
- By taking services closer to the community e.g. integrated outreaches supported by the facility
- By ensuring that there is adequate supply of the commodities within the facility
- By ensuring that the general sanitation is up to date
- By ensuring that there are adequate personnel to reduce time hostage.

b) Responsible Supply chain and supplier relations

- By ensuring that supply is paid in time
- By ensuring that all the products supplied by supplier are inspected by the authorizing officer
- By allowing them to practice open tender
- By ensuring we treat our suppliers like partners
- By maintaining regular communication
- Coming up with detailed and fair supplier agreement
- By employing the right technology and personnel
- By evaluating and monitoring the risks

c) Responsible marketing and advertisement or Responsible engagement with citizens

-INCLUSIVITY

By including community members in making decisions

-TRANSPARENT

By engaging Hospital Management team in daily activities of the facility eg budget making

-RESPECTING CONSUMER AND PRIVACY

By ensuring that clients privacy is confidentiality are adhered to, by handling clients with a lot of respect

-SOCIAL RESPONSIBILITY

By ensuring community outreaches are organized by facility

-ACCURACY AND TRUTHFULNESS

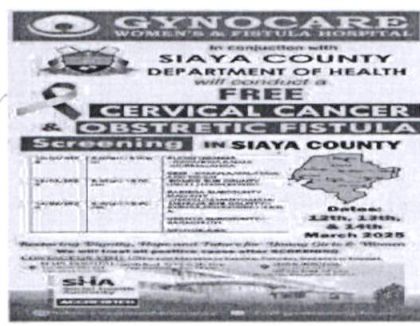
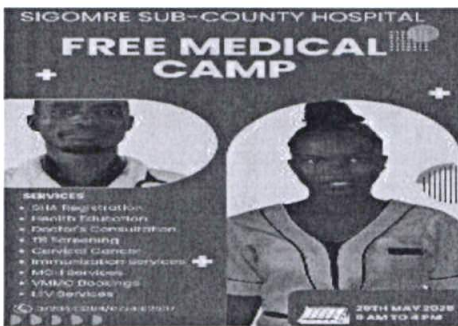
By handling clients with a lot of care and be in a position to tell the clients the truth about the services offered.

d) Product stewardship or Awareness Creation

- Inspection of products supplied within the facility by the departmental user.*
- Ensuring that goods and services are of reasonable quality.*
- Protection of consumer health supply and economic interest.*
- Investigating complains relating to false or misleading information regarding the facility.*
- Encouraging health care workers to conduct their affairs in a way that is not determined to the interests of the clients coming to seek health care services.*

ii) Corporate Social Responsibility / Community Engagements

Sigomere sub county hospital is committed in ploughing back to the community in terms of services and tangible resources. During the period under review the facility conducted in reaches to offer free medical services to the community, erected a boda boda stage by the hospital gate to shelter motorbike transporters as they wait for their clients to be served. The hospital's borehole serves the community around.



II. Report of The Board of Management

The Board members were appointed but only 4 were approved by the county assembly and gazetted. The board has not become fully operational.

Auditors

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

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

OR

XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2025 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....*OUSBORN ODHAMBO*.....

Name

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 Sigomere Sub County Hospital, which give a true and fair view of the state of affairs of Sigomere Sub County Hospital at the end of the financial year/period and the operating results of Sigomere Sub County Hospital for that year/period. The council members are also responsible for safeguarding the assets of Sigomere Sub County Hospital.

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

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

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

The Board members submit their report together with the audited Financial Statements for the year ended June 30,2025, which show of the Sigomere hospital’s affairs.

Approval of the financial statements

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

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

.....
Name:
Chairperson
Board of Management
Approval of the financial statements

DUSBORN ODHAMBO
.....
Name:
Accounting Officer

7. Report of the Independent Auditor (specify entity name)

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIGOMERE SUB - COUNTY 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 Sigomere Sub-County Level 4 Hospital – County Government of Siaya set out on pages 1 to 61, which comprise of

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

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

In my opinion, 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 Sigomere Sub-County Level 4 Hospital 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 County Governments Act, 2012, the Kisumu County Health Services Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property Plant and Equipment

1.1 Incomplete Fixed Assets Register

The statement of financial position and as disclosed in Note 32 to the financial statements reflects an amount of Kshs.2,442,818 in respect of property plant and equipment. Review of the Hospital's fixed assets register revealed that the register did not contain complete information on the assets such as acquisition date, cost of acquisition, serial numbers of the assets, location and net book values.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,442,818 could not be confirmed.

1.2 Depreciation on Property Plant and Equipment

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects an amount of Kshs.389,294 in respect of depreciation and amortization expense. However, the management did not disclose the rates of depreciation used and did not provide depreciation policy for audit review. Further, Note 18 reflects Nil balance resulting to unreconciled variance of Kshs.389,294.

In the circumstance the accuracy of the depreciation balance of Kshs.389,294 could not be confirmed.

2. Inaccuracies in the Financial Statements

The financial statements submitted for audit had the following anomalies;

- i. The statement of changes in net assets reflects opening balance of Kshs.9,062,477 which is at variance with Kshs.6,367,438 reported in the previous financial year, 2023/2024. The variance of Kshs.2,695,039 has not been explained.

- ii. The statement of financial position and the corresponding Note 29 reflects opening balance of Kshs.34,865,901 in respect of Receivables from Exchange Transactions. The amount does not agree with the opening balance reflected in the previous year audit report of Kshs.4,865,901 resulting to unreconciled variance of Kshs.30,000,000.

In the circumstances, the accuracy and completeness of the statement of Changes in Net Assets and Receivables from Exchange Transactions could not be confirmed.

3. Unreconciled Revenue from Rendering of Services – Medical Service Income Between the Hospital and the County Receiver of Revenue

The statement of financial performance reflects an amount of Kshs.20,047,551 in respect of rendering services-service income, while the records maintained by the Receiver of Revenue reflects amount of Kshs.17,971,564, resulting to unreconciled variance of Kshs.2,075,987. This amount and as disclosed in Note 11 to the financial statements includes an amount of Kshs.14,136,268 attributed to NHIF/SHA, an amount of Kshs.4,933,708 attributed to Facility Improvement Fund and an amount of Kshs.917,575 attributed to Linda Mama. However, it differs with records maintained by the County's Receiver of Revenue that indicated amounts of Kshs.12,117,715 relating to NHIF/SHA, an amount of Kshs.4,796,869 relating to FIF and an amount of Kshs.1,056,982 relating to Linda Mama respectively, which resulted to a variance of Kshs.2,018,553 for NHIF/SHA, Kshs.196,839 in respect of FIF and a negative amount of Kshs.139,407 relating to Linda Mama respectively. The understatement of the rendering of services-medical service income by Kshs.2,075,987 was not explained.

In the circumstances, the completeness and accuracy of the 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 Sigomere Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and

Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unsupported Revenue from Non exchange Transaction
2	2023/2024	Non-disclosure of Property, plant and Equipment
3	2023/2024	Inaccuracies in the statement of cash flow
4	2023/2024	Medical/Clinical Costs
	2023/2024	Grants from Donor and Development Partners
5	2023/2024	Lack of Strategic Plan and Other Policy Documents
6	2023/2024	Lack of quarterly stock-take Reports
7	2023/2024	Lack of disposal Plan
8	2023/2024	Deficiencies in Implementation of Universal Health Coverage
9	2023/2024	Lack of internal Audit Report
10	2023/2024	Lack of Automation of Revenue Management System
11	2023/2024	Incomplete Fixed Asset Register
12	2023/2024	Lack of Risk Management Policy

Other Information

The Management is responsible for the Other Information set out on page v to xxii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman’s Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, 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. Failure to Comply with Climate Change and Financing Requirements

Review of climate change records revealed that the Hospital did not establish mandatory climate change policies required by the Climate Change Act, 2016 Section 15(5)(c) which states that , each state department and national government public entity shall have the following duties designate a unit with adequate staff and financial resources and appoint a senior officer as head of the unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

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

2. Failure to Deduct Capacity Levy of 0.03% on Contracts Entered from 1 September, 2024

The Public Procurement Regulatory Authority (PPRA) guidelines provide that all procuring entities shall deduct 0.03% levy on all contracts entered into after September, 2024 as well as any contract extensions, renewals and/or variations made from 1 September, 2024. Review of some of payment vouchers and procurement files revealed that four (4) contractors were paid amount of Kshs.938,358 for various supplies. However, Management did not deduct and remit capacity building levy amounting to Kshs.283 contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023.

In the circumstances, the Sigomere Sub-County Level 4 Hospital was in breach of the Public Procurement Capacity Building Levy order, 2023

3. Lack of a Strategic Plan and Annual Work Plan

Review of the records revealed that Sigomere Sub-County Level 4 Hospital does not have a strategic plan and it is not clear how the Hospital will be able to attain its strategic goals and objectives. In addition, it was observed that the entity did not have an annual work plan during the year under audit and this was not clear how the entity was operating without these crucial documents.

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

4. Failure to Submit of Mandatory Reports to Public Procurement Regulatory Authority (PPRA)

The PPRA requires all procuring entities to submit reports to them as guided by PPRA Circular No 01/2016.The entity did not provide the following copies of submitted reports to PPRA as require.

- i. Terminations of Procurement and Asset Disposal Proceedings
- ii. Direct procurements of a value exceeding Kshs.500,000.
- iii. Disposal of public asset(s) to employee
- iv. Quarterly reports on contracts awards
- v. Quarterly reports on contracts amendments and variations
- vi. Report on seeking approval for use of Alternative Selection Method other than QCBS for Consultancy services
- vii. Six (6) Months report on Preferences and Reservation of contracts awarded to Youth, Women and Persons with Disability.

In the circumstances, the Hospital was in breach of the PPRA Circular No 01/2016.

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

Review of records provided revealed that the Hospital had significant deficit in staff, essential services and Hospital equipment and machines as tabulated in **Appendix I**.

The deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not been achieved (See Appendix I for detail).

This is contrary to the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Risk Management Policy

During the year under review, it was observed that the hospital did not have risk Management policy detailing the risk assessed and corrective measures on the same given the robustness of the business operations. This is contrary to PFM County

Government Regulation 2015 which provides that county government entities develop risk management strategies which include fraud prevention mechanism and the entity develops a system of risk management and internal controls that builds robust business operations.

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

2. Lack of Automation of Revenue Management System

During the review of the hospital, it was observed that the revenue system being used in the hospital was manual which made the hospital vulnerable and prone to human manipulation and error.

In the circumstances, the effectiveness of internal controls on management of revenue 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 Board of Management

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

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

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Appendix I:

Deficiencies in Implementation of Universal Health Coverage (UHC)					
	Criteria	Minimum Required	Sigomere Hospital	Variance	%
1	Staffing Requirement				
	Total	101	10	91	90%
	Medical Officers	16	0	16	100%
	Anesthesiologists	2	0	2	100%
	General Surgeons	2	0	2	100%
	Gynecologists	2	0	2	100%
	Pediatricians	2	0	2	100%
	Radiologists	2	1	1	50%
	Registered Community Health Nurses	75	9	66	88%
2	Equipment & Machines				
	Incubators (Newborn)	5	1	4	80%
	Cots	5	2	3	60%
	Resuscitaire in Theatre	1	0	1	100%
	Resuscitaire in labour ward	2	1	1	50%
	Functional ICU beds	6	0	6	100%
	HDU beds	6	0	6	100%
	Renal unit with dialysis Machines	5	0	5	100%
	Functional operating theaters maternity and general	2	0	2	100%
3	Bed capacity	150	35	115	77%
4	Services offered				
	Surgical services		Available (Minor)		
	Pediatric services		Available		
	Gynecology services		Available		
	Radiology services		Available		
	Renal services		Not Available		
	Tuberculosis services		Available		
5	Ambulances		No Ambulance		
6	Governance by Board of Managements				

Deficiencies in Implementation of Universal Health Coverage (UHC)					
	Criteria	Minimum Required	Sigomere Hospital	Variance	%
	Valid Board present		No Board		
	Regular meeting		No Meetings		
	Qualified members		Partially Constituted		
7	Policy Documents eg Risk Mgt Policy		Risk, ICT,		
8	Audit Committee & Internal Audit		Report Available		
9	Asset mgt				
	Land size	5 Acres	2.5 Acres		
	Fixed Assets Register		Available		
	Ownership documents		Not Available		
	Equipment in good Service		Full Haemogram		
			Microscopes		
10	Store management				
	Expired drugs		Not Available		
	Adequate storage space		Available		
	FIFO issuance of drugs		FEFO, FIFO		

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

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


Description	Note	30 th June 2025	30 th June 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	00	00
In- kind contributions from the County Government	7	32,540,632.00	22,841,919.00
Grants from donors and development partners	8	14,623,132.00	12,975,111.00
Transfers from other Government entities	9	00	00
Public contributions and donations	10	00	00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	20,047,551.00	12,340,921.00
Revenue from rent of facilities	12	00	00
Finance /Interest Income	13	00	00
Miscellaneous Income	14	00	00
Revenue from exchange transactions		00	0
Total revenue		67,211,315.00	48,157,951.00
Expenses			
Medical/Clinical costs	15	23,595,670.00	18,609,636.00
Employee costs	16	29,464,710.00	21,099,476.00
Board of Management Expenses	17	00	00
Depreciation and amortization expense	18	389,294.00	00
Repairs and maintenance	19	2,848,040.00	126,208.00
Grants and subsidies	20	1,219,850.00	192,331.00
General expenses	21	4,481,010.00	3,280,067.00
Finance costs	22	00	00
Total expenses		61,998,574.00	43,307,718.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	00	00

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

Description	Note	30 th June 2025	30 th June 2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	00	00
Medical services contracts Gains/Losses	25	00	00
Impairment loss	26	00	00
Gain on foreign exchange transactions		00	00
Total other gains/(losses)		00	00
Net Surplus / (Deficit) for the year		5,212,741.00	4,850,233.00

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

.....
Chairman
Board of Management


 Date: 26/11/25
Head of Finance
ICPAK No:

OUSBORN ODHAMBO
Medical Superintendent

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

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

Description	Note	30 th June 2025	30 th June 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,480,293.00	1,201,100.00
Prepayments	28		
Receivables from exchange transactions	29	10,816,106.00	34,865,901.00
Receivables from non-exchange transactions	30	00	00
Inventories	31	3,172,974.00	1,53,700.00
Total Current Assets		15,469,373.00	7,220,701.00
Non-current assets			
Property, plant, and equipment	32	2,442,818.00	2,235,641.00
Intangible assets	33	00	00
Investment property	34	00	00
Biological Assets	35	00	00
Total Non-current Assets		2,442,818.00	2,235,641.00
Total assets (A)		17,912,191.00	9,456,342.00
Liabilities			
Current liabilities			
Trade and other payables	36	3,040,502.00	3,088,905.00
Refundable deposits from Patients/Prepayments	37	00	00
Provisions	38	00	00
Finance lease obligation	39	00	00
Current portion of deferred income	40	00	00
Current portion of borrowings	41	00	00
Total Current Liabilities		3,040,502.00	3,088,905.00
Non-current liabilities			
Provisions	38	00	00
Non-Current Finance lease obligation	39	00	00
Non-Current portion of deferred income	40	00	00
Non - Current portion of borrowings	41	00	00

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

Description	Note	30 th June 2025	30 th June 2024
		Kshs	Kshs
Service concession Arrangements	42	00	00
Total non-current liabilities			
Total Liabilities (B)		3,040,502.00	3,088,905.00
Net assets (A-B)		14,871,689.00	6,367,438.00
Represented by:			
Revaluation reserve		00	00
Accumulated surplus/Deficit		12,758,013.00	4,850,233.00
Capital Fund		2,113,676.00	1,517,205.00
Net Assets		14,871,689.00	6,367,438.00

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

.....
Chairman
Board of Management

SIGOMERE SUB-COUNTY HOSPITAL
ACCOUNTANT
[Signature]
26/11/25

Head of Finance
ICPAK No:

[Signature]
Medical Superintendent



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

10. 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)			1,517,205.00	1,517,205.00
Revaluation gain				
Surplus/(deficit) for the year		4,850,233.00		4,850,233.00
Capital/Development grants				
As at June 30, 2024 (previous year)		4,850,233.00	1,517,205.00	6,367,438.00
At July 1, 2024 (current year)		7,545,272.00	1,517,205.00	9,062,477.00
Revaluation gain				
Surplus/(deficit) for the year		5,212,741.00		5,212,741.00
Capital/Development grants			596,471.00	596,471.00
At June 30, 2025(current year)		12,758,013.00	2,113,676.00	14,871,689.00

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

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

Description	Note	30 th June 2025	30 th June 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		00	00
Grants from donors and development partners		00	00
Transfers from other Government entities		00	00
Public contributions and donations		00	00
Rendering of services- Medical Service Income		16,792,386.00	7,475,039.00
Revenue from rent of facilities		00	00
Finance / interest income		00	00
Miscellaneous receipts(<i>specify</i>)		00	00
Total Receipts		16,792,386.00	7,475,039.00
Payments			
Medical/Clinical costs		7,790,667.00	3,892,082.00
Employee costs		173,626.00	00
Board of Management Expenses		00	0.00
Repairs and maintenance		2,848,040.00	126,208.00
Grants and subsidies		1,219,850.00	192,331.00
General expenses		4,481,010.00	3,280,067.00
Finance costs		00	0.00
Refunds paid out		00	0.00
Total Payments		16,513,193.00	7,490,688.00
Net cash flows from operating activities	42	279,193.00	00
Cash flows from investing activities		00	00
Purchase of property, plant, equipment		00	00
Purchase of intangible assets		00	00
Proceeds from the sale of PPE		00	00
Acquisition of investments		00	00
Net cash flows used in investing activities		5,212,741.00	4,850,233.00
Cash flows from financing activities		00	00
Proceeds from borrowings		00	00
Repayment of borrowings		00	00
Capital grants received		00	00

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

Net cash flows used in financing activities		00	00
Net increase/(decrease) in cash and cash equivalents		279,193.00	4,850,233.00
Cash and cash equivalents as at 1 July	27	1,201,100.00	1,517,205.00
Cash and cash equivalents as at 30 June	27	1,480,293.00	1,201,100.00

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year				1,201,100.00		
Receipts						
Transfers from the County Government	30,000,000.00	2,400,000.00	32,400,000.00	32,540,632.00	459,368.00	99%
Grants from donors and development partners	12,800,000.00	5,400,000.00	15,000,000.00	14,623,132.00	376,868.00	97%
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	19,265,901.00	00	19,265,901.00	16,792,386.00	2,473,515.00	87%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total receipts	62,065,901.00	5,400,000.00	67,465,901.00	65,157,250.00	2,308,651.00	97%
Payments						
Medical/Clinical costs	26,315,901.00	00	26,315,901.00	25,663,347.00	652,554.00	98%
Employee costs	29,400,000.00	00	29,400,000.00	29,464,710.00	(64,710.00)	100%
Remuneration of directors						
Repairs and maintenance	3,000,000.00	00	3,000,000.00	2,848,040.00	151,960.00	95%
Grants and subsidies	1,400,000.00	00	1,400,000.00	1,219,850.00	180,150.00	87%
General expenses	4,950,000.00	00	4,950,000.00	4,481,010.00	18,990.00	100%
Finance costs						
Refunds						
Total Operational Expenditure paid	64,615,901.00	00	64,615,901.00	63,676,957.00	938,944.00	99%
Capital Expenditure paid						
Surplus				1,480,293.00		

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

Budget notes

1. The budget on transfers from the county government was adjusted due to new staff deployed in between the financial year to align to the actuals, while grants from development partners budget was equally adjusted to match the added population enrolled in the programs supported by development partners.

2. the changes between original and final budget was occasioned by implementation of previous audit recommendation on staff establishment due to newly deployed staffs and widened catchment areas of beneficiaries from development partners

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,480,293.00
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,480,293.00

13. Notes to the Financial Statements

1. General Information

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

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 Sigomere Sub County Hospital 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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Sigomere Sub County Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standard

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 2026</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 cash flows 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 2026</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 2026</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>

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 2026</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>

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.

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 facility 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, Department of Health and Sanitation being the departmental accounting officer on 6th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of Ksh 2,400,000.00 on the FY 2024/2025 budget following the deployment of permanent and pensionable staffs who got deployed in the month of January and their salary came in form of in-kind contribution from county government of Siaya. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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.

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.

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 hospital, 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 hospital 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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Unconditional grants		
Operational grant	00	00
Level 4/5 grants	00	00
Unconditional development grants	00	00
Other grants (<i>specify</i>)	00	00
	00	00
Conditional grants		
User fee forgone	00	00
Transforming health services for Universal care project (THUCP)	00	00
DANIDA	00	00
Wards Development grant	00	00
Paediatric block grant	00	00
Administration block grant	00	00
Laboratory grant	00	00
Total government grants and subsidies	00	00

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Siaya County Government	00	00	00	00	00
Total	00	00	00	00	00

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Salaries and wages	2,895,308.00	2,331,380.00
Medical supplies-Drawings Rights (KEMSA)	3,249,548.00	1,742,443.00
Salaries For Permanent & Pensionable Staffs	26,395,776.00	18,768,096.00
Utility bills	00	.00
Total grants in kind	32,540,632.00	22,841,919.00,

8. Grants from Donors and Development Partners

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Cancer Centre grant- DANIDA	00	00
World Bank grants	00	00
Paediatric ward grant- JICA	00	00
Research grants	00	00
Other grants (<i>specify</i>)	14,623,132.00	12,975,111.00
Total grants from development partners	14,623,132.00	12,975,111.00

These are ART, anti-malaria, TB, family planning, and PWD Drugs donated by GOK and other development partners like USAID, Global Fund, AMREF and Imp.

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 income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	00	00	00	00	00
JICA	00	00	00	00	00
World Bank	00	00	00	00	00
Total	00	00	00	00	00

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	00	00
Transfer from xxx National Hospital	00	00
Transfer from xxx Institute	00	00
Total Transfers	00	00

10. Public Contributions and Donations

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	00	00
Other donations(<i>specify</i>)	00	00
Donations in kind-amortised	00	00
Total donations and sponsorships	00	00

10 (a) Reconciliations of amortised grants

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Balance unspent at beginning of year	00	00
Current year receipts	00	00
Amortised and transferred to revenue	00	00
Conditions to be met – remain liabilities	00	00

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Pharmaceuticals	1,177,199.00	326,517.00
Non-Pharmaceuticals	407,348.00	1,332,140.00
Laboratory	1,176,215.00	1,357,549.00
Radiology	229,241.00	159,050.00
Orthopedic and Trauma Technology	21,480.00	00
Maternity	394,050.00	00
TICO	394,420.00	00
NHIF Rebates	5,517,743.00	7,819,850.00
Linda Mama	917,575.00	00
OPD	251,944.00	217,112.00
Medical records	408,053.00	325,864.00
SHA	8,618,525.00	00
Inpatient	533,759.00	802,839.00
Paediatrics services	00	00
Farewell home services	00	00
Ambulance services	00	00
Other medical services income (<i>specify</i>)	00	00
Total revenue from the rendering of services	20,047,551.00	12,340,921.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Residential property	00	00
Commercial property	00	00
Total Revenue from rent of facilities	00	00

13. Finance /Interest Income

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	00	00
Interest income from short- term/ current deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
Total finance income	00	00

14. Miscellaneous Income

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender	00	00
Services concession income	00	00
Sale of goods (water, publications, containers etc)	00	00
Write backs (Deposits, payments in advance etc)	00	00
Bad debts recovered	00	00
<i>Others (Specify)</i>	00	00
Total Miscellaneous income	00	00

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Dental costs/ materials	00	00
Laboratory chemicals and reagents	1,349,945.00	616,226.00
Donations and Grants	14,623,132.00	12,975,111.00
Food and Ration	2,152,235.00	2,121,306.00
Uniform, clothing, and linen	72,800.00	24,000.00
Dressing and Non-Pharmaceuticals	739,150.00	585,238.00
Pharmaceutical supplies	820,380.00	460,012.00
Health information stationery (Medical Records)	49,963.00	00
Reproductive health materials	00	00
Sanitary and cleansing Materials	477,630.00	69,300.00
Purchase of Medical gases	60,888.00	16,000.00
Drawing Rights	3,249,548.00	1,742,443.00
Other medical related clinical costs (<i>specify</i>)	00	00
Total medical/ clinical costs	23,595,671.00	18,609,636.00

16. Employee Costs

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Salaries, wages, and allowances	2,895,308.00	2,331,380.00
Salaries for P&P Staff	26,395,776.00	18,768,096.00
Service gratuity	00	00
Performance and other bonuses	00	00
Staff medical expenses and Insurance cover	00	00
Group personal accident insurance and WIBA	00	00
Social contribution	00	00
Other employee costs (paid by facility)	173,626.00	00
Employee costs	29,464,710.00	21,099,476.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	30 TH June 2025	30 TH June 2024
	Kshs	Kshs
Chairman's Honoraria	00	00
Sitting allowance	00	00
Mileage	00	00
Insurance expenses	00	00
Induction and training	00	00
Travel and accommodation allowance	00	00
Airtime allowances	00	00
Total	00	00

18. Depreciation and Amortization Expense

Description	30 TH June 2025	30 TH June 2024
	Kshs	Kshs
Property, plant and equipment	00	00
Intangible assets	00	00
Investment property carried at cost	00	00
Total depreciation and amortization	00	00

19. Repairs And Maintenance

Description	30 TH June 2025	30 TH June 2024
	Kshs	Kshs
Property- Buildings	2,683,040.00	126,208.00
Medical equipment	00	00
Office equipment	00	00
Plant and Machinery	165,000.00	00
Furniture and fittings	00	00
Computers and accessories	00	00
Motor vehicle expenses	00	00
Maintenance of civil works	00	00
Total repairs and maintenance	2,848,040.00	126,208.00

Notes to the Financial Statements (Continued)

20. Grants and Subsidies

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Community development and social work	00	00
Education initiatives and programs	00	00
Free/ subsidised medical camp	00	00
Disability programs	00	00
Free cancer screening	00	00
Social benefit expenses	00	00
Other grants and subsidies(25% transfer to Health Centres)	1,219,850.00	192,331.00
Total grants and subsidies	1,219,850.00	192,331.00

21. General Expenses

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Advertising and publicity expenses	00	00
Catering expenses	312,730.00	57,705.00
Waste management expenses	00	
Insecticides and rodenticides	65,000.00	60,000.00
Audit fees	00	00
Bank charges	10,847.00	86,898.00
Conferences and delegations		00
Consultancy fees		00
Contracted services		00
Electricity expenses	272,700.00	464,210.00
Fuel and Lubricants	590,000.00	494,000.00
DSA	524,827.00	
Other fuel(Charcoal and firewood)	320,000.00	210,000.00
Research and development expenses		00
Travel and accommodation allowance	409,000.00	699,050.00
Legal expenses	150,000.00	
Licenses and permits		00
Courier and postal services		00
Printing and stationery	539,341.00	160,000.00
General office expense	672,200.00	913,489.00

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Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Computer ,Printers and other IT equipment's	126,800.00	00
Hire charges	00	
Rent expenses	00	00
Water and sewerage costs	80,665.00	47,715.00
Skills development levies/Tuition	190,600.00	00
Telephone and mobile phone services	216,300.00	87,000.00
Internet expenses	00	00
Staff training and development	00	00
Subscriptions to professional bodies	00	00
Subscriptions to newspapers periodical, magazines, and gazette notices	00	00
Library books/Materials	00	00
Parking charges	00	00
Total General Expenses	4,481,010.00	3,280,067.00

22. Finance Costs

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Borrowings (amortized cost) *	00	00
Finance leases (amortized cost)	00	00
Interest on Bank overdrafts/Guarantees	00	00
Interest on loans from commercial banks	00	00
Total finance costs	00	00

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

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Other assets not capitalised (<i>specify</i>)	00	00
Total gain on sale of assets	00	00

24. Unrealized Gain On Fair Value Investments

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Investments at fair value	00	00
Total gain	00	00

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	30 TH June 2025	30 TH June 2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	00	00
Non- Comprehensive contracts care with NHIF/SHA	00	00
Linda Mama Program	00	00
Waivers and Exemptions	00	00
Total Gain/Loss	00	00

26. Impairment Loss

Description	30 TH June 2025	30 TH June 2024
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Investments	00	00
Total impairment loss	00	00

27. Cash And Cash Equivalentents

Description	30 TH June 2025	30 TH June 2024
	KShs	KShs
Current accounts	1,480,293.00	1,201,100.20
On - call deposits	00	00
Fixed deposits accounts	00	00
Cash in hand	00	00
Others(<i>specify</i>)- Mobile money	00	00
Total cash and cash equivalentents	1,480,293.00	1,201,100.20

Notes to the Financial Statements (Continued)

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

Description		30 th June 2025	30 th June 2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1162169087	1,391,948.00	1,016,862.30
Equity Bank, etc.	1106089049	88,345.00	184,243.00
Sub- total		1,480,293.00	1,201,100.00
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		1,480,293.00	1,201,100.30

28. Prepayments

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Insurance	00	00
Rent	00	00
Water	00	00
Internet	00	00
Others specify	00	00
Total	00	00

29. Receivables From Exchange Transactions

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Medical services receivables	10,816,106.00	4,865,901.00
Rent receivables	00	00
Other exchange debtors	00	00
Less: impairment allowance	00	00
Total receivables	10,816,106.00	4,865,901.00

Analysis of Receivables From Exchange Transactions

Description	30 th June 2025		30 th June 2024	
	Kshs		Kshs	
	30 TH JUNE 2025	% of the total	30 TH JUNE 2024	% of the total
Less than 1 year	3,255,165.00	27%	1,006,200.00	21%
Between 1- 2 years	7,560,940.00	73%	3,860,701.00	79%
Between 2-3 years		%	00	%
Over 3 years		%	00	%
Total (a+b)	10,816,106.00	100%	4,865,901.00	100%

30. Receivables From Non-Exchange Transactions

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Transfers from the County Government	00	00
Undisbursed donor funds	00	00
Other debtors (<i>non-exchange transactions</i>)	00	00
Less: impairment allowance	00	00
Total	00	00

Analysis of Receivables From Non-Exchange Transactions

Description	30 th June 2025		30 th June 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	00	%	00	%

31. Inventories

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Pharmaceutical supplies	1,301,759.00	359,700.00
Laboratory	1,001,889.00	614,000.00
Food supplies		00
Non Pharmaceuticals Supplies	869,326.00	180,000.00
Cleaning materials supplies		00
General supplies		00
Less: provision for impairment of stocks		
Total	3,172,974.00	1,153,700.00

Detailed disclosure on inventories

	30 TH June 2025	30 TH June 2024
Opening balance	1,153,700.00	
Additional Inventory in the year	4,928,749.00	
Inventory expensed in the year	2,909,475.00	
Write-downs in the year	00	
Others specify	00	
Closing balance	3,172,974.00	

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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
Cost									
At 1 July 2023 (previous year)	00	00	00	15,000.00	168,000.00	2,052,641.00		00	2,235,641.00
Additions	00	00	00	00	00	00		00	00
Disposals	00	00	00	00	00	00		00	00
Transfers/adjustments	00	00	00	00	00	00		00	00
Revaluation Adjustments									
At 30th Jun 2024	0.00	0.00	0.00	15,000.00	168,000.00	2,052,641.00		00	2,235,641.00
At 1 July 2024 (current year)	00	00	00	15,000.00	168,000.00	2,052,641.00		00	2,235,641.00
Additions	00	00	00	00	00	596,471.14		00	596,471.14
Disposals	00	00	00	00	00	00		00	00
Transfer/adjustments	00	00	00	00	00	00		00	00
Revaluation Adjustments	00	00	00						
At 30th Jun 2025				15,000.00	168,000.00	2,649,112.14		00	2,832,112.14
Depreciation and impairment									
At 1 July 2023 (previous year)	00	00	00	15,000.00	168,000.00	2,649,112.14		00	2,832,112.14

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation for the year	00	00	00	1,875.00	56,280.00	331,139.00		00	389,294.00
Disposals	00	00	00	00	00	00		00	00
Impairment	00	00	00	00	00	00		00	00
At 30 June 2024	00	00	00	13,125.00	111,720.00	2,317,973.12			2,442,818.12
At July 2024 (current year)	00	00	00						
Depreciation	00	00	00						
Disposals	00	00	00	00	00	00		00	00
Impairment	00	00	00	00	00	00		00	00
Transfer/adjustment	00	00	00	00	00	00		00	00
At 30th June 2025	00	00	00						
Net book values									
At 30 th Jun 2024(previous)	00	00	00	15,000.00	168,000.00	2,052,641.00		00	2,235,641.00
At 30 th Jun 2025 (current)	00	00	00	13,125.00	111,720.00	2,317,973.12			2,442,818.12

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Cost		
At beginning of the year	00	00
Additions	00	00
Additions–Internal development	00	00
Disposal	00	00
At end of the year	00	00
Amortization and impairment		
At beginning of the year	00	00
Amortization for the period	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	00	00

34. Investment Property

Description	30 th June 2025	30 th June 2024
	KShs	KShs
At beginning of the year	00	00
Additions	00	00
Disposals during the year	00	00
Fair value gain	00	00
Depreciation (<i>where investment property is at cost</i>)	00	00
Impairment	00	00
At end of the year	00	00

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00
Total	00	00

36. Trade and other Payables

Description	30 th June 2025		30 th June 2024	
	KShs		KShs	
Trade payables	3,040,502.00		3,088,905.00	
Employee dues	00		00	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	00		00	
Audit fee	00		00	
Doctors' fee	00		00	
Total trade and other payables	3,040,502.00		3,088,905.00	
Ageing analysis:	30TH JUNE 2025	% of the Total	30TH JUNE 2024	% of the total
Under one year	2,734,424.00	90%	423,695.00	13%
1-2 years	306,078.00	10%	1,549,000.00	48%
2-3 years	00	%	1,248,000.00	39%
Over 3 years	00	%		%
Total	3,040,502.00	100%	3,088,905.00	100%

37. Refundable Deposits from Customers/Patients

Description	30 th June 2025		30 th June 2024	
	KShs		KShs	
Medical fees paid in advance	00		00	
Credit facility deposit	00		00	
Rent deposits	00		00	
Others (<i>specify</i>)	00		00	
Total deposits	00		00	
Ageing analysis:	30TH JUNE 2025	% of the Total	30TH JUNE 2024	% of the Total

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Under one year		%	00	%
1-2 years		%	00	%
2-3 years		%	00	%
Over 3 years		%	00	%
Total		%	00	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	00	00	00	00
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)
Change due to discount & time value for money	(00)	(00)	(00)	(00)
Total provisions	00	00	00	00
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
Total Provisions	00	00	00	00

39. Finance Lease Obligation

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
Total	00	00

40. Deferred Income

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
Total	00	00

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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	00	00	00	00
Additions during the year	00	00	00	00
Transfers to Capital fund	(00)	(00)	(00)	(00)
Transfers to statement of financial performance	(00)	(00)	(00)	(00)
Other transfers (<i>Specify</i>)	(00)	(00)	(00)	(00)
Balance C/F	00	00	00	00

41. Borrowings

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	(00)
Repayments of domestic borrowings during the year	(00)	(00)
Balance at end of the period	00	00

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

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
Total	00	00

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	(00)	(00)
Net carrying amount	00	00
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	(00)	(00)
Service concession liability at end of the year	00	00

43. Cash Generated from Operations

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Surplus for the year before tax	5,212,741.00	4,850,233.00
Adjusted for:	00	
Depreciation	389,294.00	00
Non-cash grants received	00	00
Impairment	00	00
Gains and losses on disposal of assets	00	00
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
Working Capital adjustments	00	00
Increase in inventory	-2,019,274.00	00
Increase in receivables	-3,255,165.00	00
Increase in deferred income	00	00
Increase in payables	-48,403.00	00
Increase in payments received in advance	00	00
Net cash flow from operating activities	279,193.00	4,850,233.00

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)	00	00	00	00
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2025 (current year)	00	00	00	00
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00

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 2024				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00
At 30 June 2025				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00

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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)	00	00	00
Liabilities	00	00	00
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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 2024			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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
2024 (previous year)			
Euro	10%		
USD	10%		
2025 (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	2025	2024
	Kshs	Kshs
Revaluation reserve	00	00
Retained earnings	00	00
Capital reserve	00	00
Total funds	00	00
Total borrowings	00	00
Less: cash and bank balances	00	(00)
Net debt/ (<i>excess cash and cash equivalents</i>)	00	00
Gearing	%	%

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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.

Siaya County Government is the principal shareholder of the sigomere sub county hospital, 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

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	00	00
Sales of services to xxx	00	00
Total	00	00
b) Grants from the Government		
Grants from County Government	00	00
Grants from the National Government Entities	00	00
Donations in kind	00	00
Total		00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	00	00
Payments for goods and services for xxx	00	00
Total	00	00
d) Key management compensation		

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Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Directors' emoluments		00
Compensation to the medical Sup		00
Compensation to key management		00
		00
Total		00

46. Segment Information

Not applicable

47. Contingent Liabilities

Contingent liabilities	30 th June 2025	30 th June 2024
	Kshs	Kshs
Court case No. MCCC/E003/2022 against the hospital	150,000.00	00
Bank guarantees in favour of subsidiary	00	00
Total	150,000.00	00

Civil suit E003/2022 Joyce Adhiambo-VS- Medical Superintendent, Siaya County Referral Hospital; County government; Medical in charge of sigomere sub county hospital. The plaintiff sued the above mentioned for what she termed as acts of negligence visited upon her both at sigomere and siaya county referral hospital

48. Capital Commitments

Capital Commitments	30 th June 2025	30 th June 2024
	Kshs	Kshs
Authorised For		00
Authorised And Contracted For		00
Total		00

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. 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.

14. 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.	Unsupported Revenue from Non-Exchange Transactions	The audit observations are noted and wish to state that donations and grants from development partners are always received through counter receipt voucher (S13) inspected through inspection and acceptance form and eventually recorded in the stores ledger. The same is never recorded in the cash book since cash book is a ledger maintained at the bank accounts held by the health facility and it involves movement of cash to and from the bank account. Grants and donations and in-kind contributions do not involve movement of money, but goods/services and therefore are recorded and updated in separate ledger books which were availed at the time of the audit.	Resolved	N/A
2.	Non-Disclosure of Property, Plant and Equipment	Devolved assets from the national government and defunct local authorities	Not Resolved	30 th June, 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)
		have not been valued and ownership transferred. Attached is a letter from intergovernmental relations technical committee confirming that the process is ongoing.		
3.	Inaccuracy in the Statement of Cash Flows	The in kind contribution of Kshs 22,841,919 in respect of donations/grants, drawing rights and casual wages/permanent and pensionable staffs were non cash that couldn't be captured in the statement of cash flow. The variance in cash flow from operating activities of negative 15,645 was a result of computing error during preparation of financial statements. In the subsequent financial years the management will ensure the statement is prepared as per the template provided by the Public Sector Accounting Standards Board		
4.	Medical/Clinical Costs	The hospital erroneously reported Kshs 119,500 as medical clinical costs instead of Property, Plant and Equipment. The management will do a prior year adjustments in the subsequent financial year to correct the anomaly by passing journal entries.		
5.	Grants from Donor and	The grants from donors and development		

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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)
	Development Partners	partners of Kshs 12,971,111 were reported by counter receipt vouchers together with inspection and acceptance certificates and committee minutes that are hereby attached for your verification. The hospital will ensure that receipts from donors will be accounted for separately in the subsequent financial year.		
6.	Lack of a Strategic Plan and Other Policy Documents	We acknowledge the concern We are currently working on the hospital strategic plan for FY 2024/2025 which will be used in the subsequent financial statements.	Not Resolved	
7.	Lack of Quarterly Stock Reports	During the period under preview the hospital did an annual stock take and the report is hereby attached in annex 6 for your verification. Further we also wish to confirm that regular inspection of stocks were also done and the report is hereby attached in annex 4.	Resolved	
8.	Lack of a Disposal Plan	The county is in the process of developing disposal plan for all level 4 hospitals		
9.	Deficiencies in implementation of Universal Health Coverage (UHC)	The management will communicate with the chief officer health to assist the facility to comply	Not Resolved	30/06/2026


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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)
10.	Lack of Internal Audit Report	During the period under review the county had not established audit committee. The audit committee has since been appointed and gazetted. In the subsequent years the audit exercise will be carried out with approved internal audit work plan from the audit committee.		
11.	Lack of Automation of Revenue Management System	County government of Siaya is currently working on a standard revenue collection platform for all level 4 hospitals that will cut across all facilities. The system is at piloting stage at the moment	Resolved	
12.	Incomplete Fixed Assets Register	Most of the assets in the facility were inherited from the national government and defunct local authorities which have not been valued and ownership transferred. The facility will seek guidance from the department of health on how best to go about it.	Not Resolved	
13.	Lack of a Risk Management Policy	The hospital is using the county risk management policy as the department of health formulates a standard risk management policy for all level 4 hospitals in the county	Resolved	

Guidance Notes:

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

OUSBORN ODHAMBO
.....
Accounting Officer 

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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 2025)					
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

