

REPUBLIC OF KENYA



REPORT

212

OF

THE AUDITOR-GENERAL

ON

NTIMARU SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI

PAPERS LAID	
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# **NTIMARU SUBCOUNTY HOSPITAL MIGORI COUNTY GOVERNMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**1. Acronyms & Glossary of Terms**

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

## **2. Key Ntitaru Sub County Hospital Information and Management**

### **(a) Background information**

Ntitaru Sub County Hospital is a level (4) hospital domiciled in Migori County under the Health Medical Service Department. The hospital is governed by a Board of Management.

### **(b) Principal Activities**

The Vision of the hospital is to have a nationally and internationally competitive productive and healthy county

Mission: To provide integrated responsive and high-quality client centered promotive, preventive, supportive and rehabilitative health care services that is evidenced and technologically driven to the people of Migori County.

### **(c) Key Management**

The hospital's management is under the following key organs:  
County department of health-Chief Officer Medical Services  
Medical Superintendent  
Board of Management  
Accountant  
Hospital departmental Heads

### **(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Medical Superintendent	Moses Ginono
2.	Head of supply chain	Kennas Odongo
3.	Head of Accounts	Stephen Nyainda

### **(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

**Ntitaru Sub County Hospital (Migori County)**  
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**Key Ntitaru Sub County Hospital Information and Management**

- Parliamentary committees
- Other oversight committees

**(f) Ntitaru Sub County Hospital Headquarters**

P.O. Box 25-Kehancha  
Ntitaru Administration Building  
Ntimaue Road  
Ntitaru- KENYA

**(g) Ntitaru Sub County Hospital Contacts**

Telephone:01011370812/0714223411  
E-mail: hospitalntitarusubcounty@gmail.com

**(h) Ntitaru Sub County Hospital Bankers**

Kenya Commercial Bank  
Account No. 1318283779

**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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




**(k) County Attorney**

P.O. Box. 202  
MIGORI, Kenya




3. The Board of Management

Ref	Pictures	Details
1.	<p>Moses Ginono</p> 	<p>The Title: Medical Superintendent</p> <p>Age : 51 years</p> <p>Academic Qualification: Diploma in Clinical Medicine</p> <p>Bachelor of Science in Environmental Health</p>
2.	<p>Wilfred Maroa</p> 	<p>The Title: Facility Board Chair Person</p> <p>Age : 63</p> <p>Academic Qualification: CPE</p> <p>Work Experience: Retired Commissioner of Police</p>
3.		<p>Name: Moses Nyamohanga</p> <p>Title: Hospital Board Member</p> <p>Level of Education: KCPE</p> <p>Age-38</p> <p>Work Experience: Business Man</p>
4.		<p>Name: Sabina Werema</p> <p>Title: Hospital Board Member</p> <p>Age: 58 Years old</p> <p>Level of Education: Certificate of Primary Education</p>

**Ntimaru Sub County Hospital (Migori County)**  
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		Work Experience: Business Woman
5.		Name: Robi Igayi Title: Hospital Board Member Age: 55 Years old Level of Education: Certificate of Primary Education Work Experience: Business Woman
6.		Name: Chacha Marwa Sasi Title: Hospital Board Member Age: 70 years old Retired Chief
7.		Name: Chogo Fanuel Mwita Age-36yrs Academic Qualifications: Certificate in craft laboratory Member

**4. Key Management Team**

Ref	Management	Details
1.	<p>Medical Superintendent</p> 	<p>Name: Moses Ginono</p> <p>Functions</p> <ul style="list-style-type: none"> <li>-Coordination of all facility activities</li> <li>-Supervision of staff members</li> </ul>
2.		<p>Rodney Ochieng</p> <p>Age 32</p> <p>Medical laboratory technologist</p> <p>Diploma in medical lab science</p> <p>Laboratory in charge</p>
3.		<p>Name: Esther Gati</p> <p>Age: 35</p> <p>Academic Qualification: Diploma in Health Records and Information Management (HRIO)</p> <p>Duties: HRIO in Charge</p>

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**5. Chairman's Statement**


The Board of Management of Ntimaru Sub County Hospital is optimistic and ready to co-operate for better work performance at the facility, given the opportunity to exercise the potential bestowed on them. The hospital has a lot of opportunities than can be tapped from expert doctors, clinicians, nurses and wide mix of talents whose wisdoms and expertise has seen the hospital take great miles in terms of service delivery to the residents and the County Government of Migori as a whole. It has therefore formed a key pillar towards the achievement of affordable quality healthcare to the community.

Migori county government adopted the devolved functions of Health service delivery after its enactment in the 2010 constitution.

**KEY FUNCTION OF THE BOARD**

- Provision of general oversight
- Responsible for patient care service
- Represent community interest on resource allocation and planning
- Health promotion agent to the hospital catchment population
- Articulate and represent community interest on health matters
- Facilitate feedback processes to the community pertaining to operations and management of the hospital with fact-based information
- Mobilize community resources towards the development of health services

In view of the above functions of the board, there is need to have regular meetings with hospital administration/executive to allow effective management



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**Name: Wifred Maroa**

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

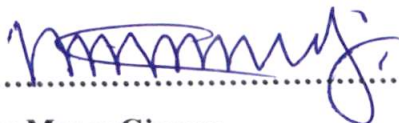
The Migori County Government Department of Health has two departments namely; Medical services and Public Health Management and the two departments are headed by two chief officers and two directors. Public Health Management co-ordinates preventive and promotive and curative services in level 1, level 2 and level 3 hospitals.

Medical services on the other hand coordinate preventive, curative and rehabilitation services at the level 4 hospitals where Ntitaru Subcounty hospital falls. The hospital mostly deals with curative services.

The hospital was established in the year 1972 and the hospital has grown gradually and currently serves a population of 15,000. The hospital possesses a greater potential for further development as it has a big land that can accommodate various projects.

The hospital's financial collections have improved; the year 2024-2025. In the year 2025-2026 the hospital is projected a collection of Ksh. 22,000,000. If this is achieved the hospital will be self-reliant and it will ease the burden on the county government

To sum up, I would like to thank the Governor and the County Government as a whole for allowing this sub-county hospital to have their own autonomy whereby they collect revenue and use it for improvement of the hospital. There is also a conducive working environment between the hospital staff, Board of management and the County Government and not forgetting the community at large



.....  
**Name: Moses Ginono**

**Secretary to the Board**

**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**7. Statement of Performance Against Predetermined Objectives**

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity’s performance against predetermined objectives.

Ntitaru Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/25. These strategic pillars/ themes/ issues are as follows;

**Pillar 1: Planning and administrative support services**

**Pillar 2: Preventive and promotive health services**

**Pillar 3 Curative, rehabilitative and referral services**

Ntitaru Sub County Hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/25 period for its 3 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Planning and administrative support services</b>	To ensure efficient and effective well-coordinated health services	No Of health policies developed	Developing Annual work plans.	Work plan was developed
		No. of Annual Work Plans developed		
	To increase, develop, retain and motivate health personnel	No. of Strategic plans developed	Conducting performance reviews	Annual review conducted
	To construct, expand, maintain and improve health infrastructure	% of performance reviews conducted		
	To accelerate scale up of Universal Health Coverage	% quarterly support supervision conducted		
		% quarterly data quality audits conducted		
	% of Health Information tools printed and distributed			

**Ntitaru Sub County Hospital (Migori County)**

**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

<p><b>Preventive and promotive health services</b></p>	<p>To reduce the burden of preventable diseases and promote healthy lifestyles among communities</p> <p>To reduce maternal and new-born mortality</p> <p>To increase community health units to cover 100% of the county villages</p> <p>To improve coverage of facilities offering adolescent and youth friendly service</p>	<p>% of hospitals supplied with Pharmaceuticals</p> <p>% of hospitals supplied with non-pharmaceuticals</p> <p>% of hospitals supplied with Laboratory Reagents</p> <p>% of hospitals supplied with Vaccines and sera</p> <p>% of hospitals supplied with medical equipment</p> <p>% of hospitals supplied with patient food and rations</p> <p>% Increase in number of blood units donated</p>	<p>Supplying the hospital with pharmaceuticals , on pharmaceuticals , laboratory reagents, vaccines</p>	<p>Ntitaru sub county was supplied with medical drugs non pharmaceuticals , laboratory reagents and vaccines</p>
<p><b>Curative, rehabilitative and referral services</b></p>	<p>To provide affordable curative, rehabilitative and referral services</p> <p>To improve access to essential health products and technologies</p>	<p>% of functional ambulances available for referral</p> <p>% of specialized services provided at primary health facilities</p>	<p>Functioning ambulances on referrals.</p>	<p>1 ambulance available for referrals.</p>

## **8. Corporate Governance Statement**

Ntimaru Sub County Hospital is committed to the provision of affordable and quality healthcare to the community and the general public. The hospital is at the board of Kenya and Tanzania hence mostly serving the communities around these areas. We work closely in partnership with the county government and the national government through ministry of health which have ensured that there is availability of medical drugs, quick response to accidents and disease outbreak within region. During the Financial Year 2024/25, Board Member held quarterly meetings to discuss the performance of the hospital. In the year, the hospital board members had at least four sittings where the quorum was met necessary to transact daily business of the board. Consequently, hospital management team convene meeting every time the facility receives funds from Migori Health Services Fund Board to discuss and allocate funds to vote heads that needs urgent funding which were in line with the hospital meeting. Board members also were taken through the previous financial audit review report for the period 2022-2024 where a discussion was made.

Consequently, board members training was carried towards the end of the financial year on various matters pertaining to health and the new health insurance cover that is yet to be adopted by the hospital and how it might affect the operation of the facility. The hospital board are appointed by the Chief Executive Officer- Health who are then gazetted in the Kenyan Gazette. For the new members, a mandatory induction is done to them so that they can be a par with various regulations and operations of health as a sector. The board are entitled to a sitting allowance and various transport and lunch reimbursement anytime they sit.

### The Roles and Functions of The Board Members

- i. Responsibility for patient care and the overall quality of service in the hospital by demonstrating leadership in determining priorities for the hospital that is consistent with the available resources.
- ii. Provision of general oversight for the general operations and management of the hospital.
- iii. Represent community interests in resource allocation and planning within the hospital.
- iv. Health promotion agents to the hospital catchments population on behalf of the hospital.

- v. Articulate and represent local community interests on health matters in local development forums.
- vi. Facilitate feedback process to the community pertaining to the operations and management of the hospital.
- i. Mobilize community resources towards the development of health services within the hospital.

#### Ethics and Conduct of Board Members

The code of ethics outlines the principles and standards that guide the conduct of the board members in overseeing the hospital operations. Some of these principles include:

- Commitment to the hospital Mission and Vision ensuring that all the action plans and decisions are in line with the achievement of the later.
- Integrity and Accountability: This is where the hospital board members are required to operate with utmost honesty and transparency while making financial decisions of the hospital.
- Confidentiality: This is where the hospital board members are required to respect the patients and staff confidentiality and safeguard sensitive information from unauthorized disclosure.
- Conflict of Interest: This is where the board members are required to disclose any potential conflicts of interest and recuse oneself from related decision making.
- Compliance With Laws and Regulations: The hospital board members are required to comply with the hospital governing laws and regulations.
- Respect and Fairness: The hospital board members are required to respect one another's decision and to treat one with utmost respect, fairness and dignity.
- Ethical decision Making: The hospital board Members are encouraged and required to prioritize on issues which are geared towards the improvement of patients' wellbeing as opposed to personal interest.
- Financial Stewardship: The hospital board members are required to oversee the hospital financial health with diligence, ensuring resources are used effectively and responsibly to advance the hospital mission.
- Collaboration and Communication: Hospital board members are encouraged to work collaboratively with one another to ensure that best decisions are arrived at.

**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**9. Management Discussion and Analysis**

Ntitaru Sub County Hospital registered a total of Ksh.18,520,333 (Eighteen Million Five Hundred and Twenty Thousand Three Hundred and Thirty-Three) as the revenue for financial year 2024/25. This resulted to a Ksh. 10,666,528 increase in revenue collected for the year compared to the Fy 2023/24. This was majorly attributed by increase in donor funds through the provision of medical drugs and programme commodities through KEMSA and MEDS and also through the increase in the uptake of Social Health Insurance

With this increase in total revenue for the year, the hospital reported an increase in Net Surplus for the period to Ksh. 6,315,307 from Ksh. 3,597,061 resulting to an increase by Ksh. 2,718,247. Further, the hospital also incurred a total of Ksh. 12,205,026 as operating expense for the year. This also increased by Ksh. 7,948,281.

**Clinical/operational performance**

1. Bed capacity of the hospital. 41
2. Overall patient attendance during the year for inpatient and outpatient -
3. Accident and Emergency attendance attendance-0
4. Specialised clinic attendance-0
5. Average length of stay for in-patient 3 Days
6. Bed occupancy rate- 100%
7. Mortality rate-0.1%

**Sponsorships and partnerships**

TUKICHEKI

LWALA

BINTI SHUPAVU

NIA

WORLD VISION

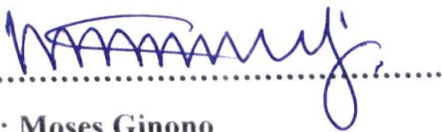
Revenue sources.

**Ntimaru Sub County Hospital (Migori County)**

**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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The Revenue streams for the Hospital is mainly Facility improvement Fund and Donations from Ministry of Health through KEMSA and MEDS.



**Name: Moses Ginono**

**Secretary to the Board**

## **10. Environmental And Sustainability Reporting**

Environmental Sustainability Report 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 organisation's policies and activities that promote sustainability

### ***i) Sustainability strategy and profile***

The top management is in the process of installing an automated revenue and inventory system which will ensure that the facility capitalizes on its revenue streams and the stock levels are managed efficiently and effectively.

### ***ii) Environmental performance***

Installation of microwave machine to control and treat health care waste reducing accidents and pollution

Formed committees to carryout infection prevention and control within the work environment

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy.

Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.in the work environment

### ***iii) Employee welfare.***

Hiring Services is done by Migori County Public Service Board. The Process is competitive as the Gender ratio and others Factors are considered. The Opportunities are advertised in the local Gazzette

### ***iv) Market place practices-***

The Ntitaru Sub County Hospital encourages good market practices as outlined below:

#### ***a) Responsible competition practice.***

Display of Service chatters

Carryout exit visit interviews

Provisions of complaints and suggestion box

#### ***b) Responsible Supply chain and supplier relations***

The Hospital raises requisition to procurement who invites the public through open tenders and gazette ment process

The bidders are evaluated and the awarding is done committees formed by the management

***c) Responsible marketing and advertisement***

The facility being a public entity endeavours to uphold service to common mwanachi at all levels. All advertisements are targeting to ensure the public is aware of services being offered or any upcoming donor sponsored surgeries.

***d) Product stewardship***

Ntimaru Sub County Hospital endeavours to maintain incinerators for better waste management.

***e) Corporate Social Responsibility / Community Engagements***

The facility has been carrying out outreaches to different areas such as markets, schools, churches and other community engagement forums so as to encourage girls to avoid early pregnancies and in case they conceive, they should seek proper health care services like attending all antenatal visits so as to delivery in the formal way.

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**11. Report of The Board of Management**

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

**Principal activities**

The principal activities of the Ntimaru Sub County Hospital are provision of quality, accessible and affordable health services to the citizens.

**Results**

The results of the Ntimaru Sub County Hospital for the year ended June 30 2025 are set out on pages 1 to 6.

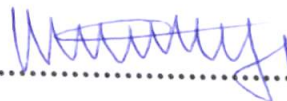
**Board of Management**

The members of the Board who served during the year are shown on page v. During the year no director retired or resigned.

**Auditors**

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

By Order of the Board



.....  
**Name: Moses Ginono**

**Secretary to the Board**

## **12. Statement of Board of Management's Responsibilities**

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

The Board of Management is responsible for the preparation and presentation of the Ntitaru Sub County Hospital's financial statements, which give a true and fair view of the state of affairs of the Ntitaru Sub County Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Ntitaru Sub County Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Ntitaru 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 the *Ntitaru Sub County Hospital's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Ntitaru Sub County Hospital's financial statements give a true and fair view of the state of Ntitaru Sub County Hospital's transactions during the financial year ended June 30, 2025, and of the Ntitaru Sub County Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Ntitaru Sub County Hospital, which have been relied upon in the preparation of the Ntitaru Sub County Hospital's financial statements as well as the adequacy of the systems of internal financial control.

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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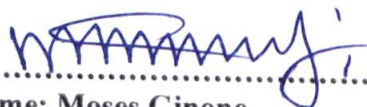
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the Ntimaru Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 19th August 2025 and signed on its behalf by:



.....  
**Name: Wifred Maroa**  
**Chairperson**  
**Board of Management**



.....  
**Name: Moses Ginono**  
**Accounting Officer**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON NTIMARU SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MIGORI**

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### 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 Ntimaru Sub-County Hospital – County Government of Migori set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting 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 Ntimaru Sub County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Public sector Accounting Standards (Accrual Basis) and comply with County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012,.

### **Basis for Qualified Opinion**

#### **Lack of Valuation of Land and Buildings**

The statement of financial position and as disclosed in Note 18 to the financial statements balance reflects Kshs.338,311 in respect to property plant and equipment. This balance excludes the values of land, buildings and civil works which have nil balances. However, available information indicates that the hospital occupies a parcel of land measuring approximately two (2) hectares with permanent buildings and civil works within its premises.

In the circumstances, the property, plant and equipment balance of Kshs.338,311 as at 30 June 2025 could not be confirmed.

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

## **Emphasis of the Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.18,521,666 and Kshs.12,159,305 respectively resulting in an underfunding of Kshs.6,362,361 or 34% of the budget.

In the circumstances, the underfunding may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for 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 Year Issues**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following six (6) issues remained unresolved:

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported Employee Costs
2	2023/2024	Receivables from Exchange Transactions
3	2023/2024	Unsupported Property, Plant and Equipment
4	2023/2024	Compliance with Level 4 Hospitals
5	2023/2024	Non-compliance with Pharmacy and Poisons Board Requirements
6	2023/2024	Lack of autonomy of Operations of Hospital

### **Other Information**

The Board of Management are responsible for the Other Information set out on the page iii to xx which comprises Hospital Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, 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 auditor's 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 Retain Facilities Improvement Funds (FIF) at the Hospital**

Review of revenue records obtained from the Ntitaru Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.9,672,152 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.5,975,290 to the Sub-County Hospital resulting in a deficit of Kshs.3,696,862. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing Account.

In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the Migori County Health Services Fund was in breach of the law.

#### **2. Non-Compliance with Level 4 Hospital Requirement**

Examination of the Hospital's records and operations revealed that the Hospital operated below the minimum staffing levels required under the Kenya Quality Model for Health Checklist for Level 4 hospitals as detailed below:

Personnel	Recommended as per Kenya Quality Model for Health checklist	In Place (No.)	Variance
Medical Officers	20	0	20
Anaesthesiologists	3	0	3
General Surgeons	3	0	3
Gynaecologists	3	0	3
Paediatricians	3	0	3
Radiologists	2	0	2
Kenya Registered Community Health Nurses	151	13	138
<b>Total</b>	<b>185</b>	<b>13</b>	<b>172</b>

Further, the hospital lacked the necessary equipment and machines outlined under the Kenya Quality Model for Health checklist for Level 4 hospitals, as detailed below:

Equipment	Standard	In place	Variance
Wards Bed Capacity	300	50	250
Functioning ICU Beds	6	0	6
Functioning HDU Beds	6	0	6
Operational Theatres	4	0	4
New Born Unit – Incubators	6	0	6
<b>TOTAL</b>	<b>322</b>	<b>50</b>	<b>272</b>

The shortages identified contravene the First Schedule of Health Act, 2017 and implies 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 be achieved. Further, the deficiencies contravene the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

In the circumstances, the effectiveness of the medical services offered and the Universal Health Coverage program could not be confirmed.

### 3. Lack of Autonomy in Operations of Hospital

During the year, the audit revealed that the Hospital's operations in terms of procurement of good and services was still centralized at the County Headquarters, under the County's Department of Health and Medical Services. Once the goods are supplied and services provided, the Hospital submits the necessary documents to the County's Department of Health and Medical Services for onward payment thereby denying the hospital operational autonomy in terms of procurement and payments which may lead to delay in

provision of services to the residents. This is contrary to the Kenya Gazette Notice No. 786 of 4<sup>th</sup> February 2020 on categorization of facilities, gives the categorization(level), facility name and description and services offered in each facility's level. Section 50(2) of the Public Finance Management regulations 2015 which provides that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

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

#### **4. Engagement of Casual Workers**

The statement of financial performance and as disclosed under note 11 to the financial statements reflects Kshs.125,875 relating to staff costs paid to temporary employees. Examination of the master roll and other staff records for Hospital revealed that the Board of Management engaged ten (10) casual workers continuously for a period of twelve (12) months from July 2024 to June 2025 contrary to the provisions of Section B.16(1) of the County Public Service Human Resource Manual (May, 2013) and Section 37(1) of the Employment Act, 2007 which limit engagement of casual workers to short-term tasks not exceeding three (3) months.

In the circumstance, the Management was in breach of the Law.

#### **5. Failure to Prepare and Submit Quarterly Revenue Reports**

The statement of financial performance reflects Kshs.12,337,651 in respect to revenue from exchange transactions – rendering of services (medical service income). However, the management did not prepare and submit quarterly revenue collection reports as provided for under Regulation 65(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires every receiver of revenue to prepare and submit to the Accounting Officer and the County Treasury a quarterly report on the revenue collected by the entity within fifteen (15) days after the end of each quarter.

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

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

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

## **Basis for Conclusion**

### **1. Weak Controls on Inventories – Pharmaceuticals**

The statement of financial position and as disclosed under Note 17 to the financial statements reflects Kshs.9,786,422 relating to pharmaceutical supplies. However, examination of records revealed that the Hospital does not maintain an automated inventory management system for recording pharmaceutical products for stocks management contrary to the provisions of Regulation 166(4) of the Public, Procurement and Asset Disposal Regulations, 2020 which requires an effective, efficient and transparent use of government inventory, stores and assets at all levels and that an Accounting Officer of a procuring entity shall take full responsibility of the Management or control of Inventory or Assets.

In the circumstances, the effectiveness of inventory control and stores management procedures could not be confirmed.

### **2. Lack of Fixed Assets Register**

The statement of financial position and as disclosed in note 18 to the financial statements reflect Kshs.338,311 in respect to property plant and equipment. However, the audit revealed that the management did not maintain a fixed assets register with details on asset type, acquisition date, cost and condition of assets contrary to Regulation 143(1) of the Public Finance Management (County Governments) Regulations, 2015 states that; The Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the effectiveness of the fixed assets management 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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to 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 complies with the authorities which govern them, and that public resources are applied in an effective way.

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


### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gatungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2025

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public Contributions and Donations	6	6,182,681	-
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	7	12,337,651	1,006,205
Transfers From Other Government Entities	8	-	6,847,600
<b>Revenue from exchange transactions</b>		<b>12,337,651</b>	<b>7,853,805</b>
<b>Total revenue</b>		<b>18,520,333</b>	<b>7,853,805</b>
<b>Expenses</b>			
Medical/Clinical costs	9	9,782,635	1,571,945
Board of Management Expenses	10	137,000	183,000
Employee costs	11	125,875	117,252
Repairs and maintenance	12	624,000	500,000
General expenses	13	1,487,186	1,829,313
Depreciation	14	48,330	55,234
<b>Total expenses</b>		<b>12,205,026</b>	<b>4,256,744</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>6,315,307</b>	<b>3,597,061</b>

The Hospital's financial statements were approved by the Board on 19th August 2025 and signed on its behalf by:

  
 .....

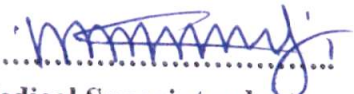
**Chairman: Wilfred Maroa**

**Board of Management**

  
 .....

**Head of Finance: Stephen Nyainda**

**ICPAK No: 31086**

  
 .....

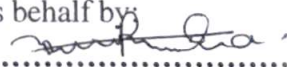
**Medical Superintendent: Moses Ginono**

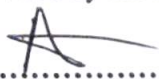
**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**


**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	2,609	1,333
Receivables from exchange transactions	16	6,362,361	8,069,224
Inventories	17	9,786,422	1,717,198
<b>Total Current Assets</b>		<b>16,151,392</b>	<b>9,787,755</b>
<b>Non-current assets</b>			
Property, plant, and equipment	18	338,311	386,641
<b>Total Non-current Assets</b>		<b>338,311</b>	<b>386,641</b>
<b>Total assets</b>		<b>16,489,703</b>	<b>10,174,395</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	-	-
<b>Total Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>16,489,703</b>	<b>10,174,395</b>
<b>Represented By:</b>			
Revaluation reserve			-
Accumulated surplus/Deficit		16,489,703	10,174,396
Capital Fund			-
<b>Total Net Assets and Liabilities</b>		<b>16,489,703</b>	<b>10,174,396</b>

The Hospital's financial statements were approved by the Board on 19<sup>th</sup> August 2025 and signed on its behalf by:

  
 .....  
**Chairman: Wilfred Maroa**  
**Board of Management**

  
 .....  
**Head of Finance: Stephen Nyainda**  
**ICPAK No: 31086**

  
 .....  
**Medical Superintendent: Moses Ginono**

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
<b>At July 1, 2024</b>		<b>6,577,335</b>		<b>6,577,335</b>
Surplus/(deficit) for the year	-	3,597,061	-	3,597,061
<b>At June 30, 2024</b>	-	<b>10,174,396</b>	-	<b>10,174,396</b>
<b>At July 1, 2024</b>	-	<b>10,174,396</b>	-	<b>10,174,396</b>
Surplus/(deficit) for the year	-	6,315,307	-	6,315,307
<b>At June 30, 2025</b>	-	<b>16,489,703</b>	-	<b>16,489,703</b>

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			
Rendering of services- Medical Service Income		5,975,290	4,201,843
Miscellaneous Income			-
Transfers from the County Government			-
<b>Total Receipts</b>		<b>5,975,290</b>	<b>4,201,843</b>
<b>Payments</b>			
Medical/Clinical costs		3,599,954	1,571,945
Board of Management Expenses		137,000	183,000
Employee costs		125,875	117,252
Repairs and maintenance		624,000	500,000
General expenses		1,487,186	1,829,313
<b>Total Payments</b>		<b>5,974,014</b>	<b>4,201,510</b>
<b>Net cash flows from operating activities</b>	20	<b>1,276</b>	<b>333</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,276</b>	<b>333</b>
Cash and cash equivalents as at 1 July	15	1,333	1,000
<b>Cash and cash equivalents as at 30 June</b>	15	<b>2,609</b>	<b>1,333</b>

**Ntitaru Sub County Hospital (Migori County)**

**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		1,333	1333.3	1,333	-	100%
<b>Revenue</b>						
Rendering of services- Medical Service Income	12,337,651	-	12,337,651	5,975,290	6,362,361	48%
Public Contributions and Donations	-	6,182,681	6,182,681	6,182,681	-	100%
<b>Total income</b>	<b>12,337,651</b>	<b>6,184,015</b>	<b>18,521,666</b>	<b>12,159,305</b>	<b>6,362,361</b>	<b>66%</b>
<b>Expenses</b>						
Medical/Clinical costs	9,782,635	-	9,782,635	9,782,635	-	100%
Board of Management Expenses	137,000	-	137,000	137,000	-	100%
Employee costs	125,875	-	125,875	125,875	-	100%
Repairs and maintenance	624,000	-	624,000	624,000	-	100%
General expenses	1,487,186	-	1,487,186	1,487,186	-	100%
<b>Total Operating Expenses</b>	<b>12,156,695</b>	<b>-</b>	<b>12,156,695</b>	<b>12,156,695</b>	<b>-</b>	<b>100%</b>
Capital expenditure	-	-	-	-	-	0%
<b>Surplus for the period</b>	<b>180,956</b>	<b>6,184,015</b>	<b>6,364,971</b>	<b>2,609</b>	<b>6,362,361</b>	<b>0%</b>

Note: The 48% utilization was due to the receivables amounting to Ksh. 6,362,361 from health services for the period ended 30th June 2025.

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	2,609
Closing Cash and Cash Equivalent as per the statement of Cash flows	2,609

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**19. Notes to the Financial Statements**

**1. General Information**

Ntimaru Sub County Hospital entity is established by and derives its authority and accountability from PFM Act. The Ntimaru Sub County Hospital is wholly owned by the Migori County Government and is domiciled in Migori County in Kenya. The Ntimaru Sub County Hospital's principal activity is provision of medical services to the society.

**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 *Ntimaru Sub County Hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Ntimaru Sub County Hospital*. The financial statements have been prepared in accordance with the PFM Act, and *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

- ii.* New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p>

**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Standard	Effective date and impact:
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public</p>

**Ntitaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Standard	Effective date and impact:
	sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ol style="list-style-type: none"> <li data-bbox="459 584 1355 667">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="459 689 1355 824">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.</li> <li data-bbox="459 846 1355 1081">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.</li> </ol>

***iii) Early adoption of standards***

The Ntitaru Sub County Hospital did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**Ntimaru Sub County Hospital (Migori County)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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ii) **Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b. Budget information**

The original budget for FY 2024/25 was approved by Board and the budget was incorporated by the together with the budget of other hospital under Health services fund. *Its important to note that an individual line budget for the hospital was not in the main budget but amalgamated with other sub-county hospital budget in the vote 'Health services Fund'*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded no additional appropriations on the FY 2024/25 budget. The *Ntimaru Sub-County Hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the

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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 financial performance.

**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.

**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 *one* year. 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**

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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.

**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

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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.

**h. 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.

**i. 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 Company'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

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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.

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**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

**j. 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

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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.

**k. 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.

**l. 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.

**m. 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.

**n. 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,

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the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o. Nature and purpose of reserves**

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

**p. 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.

**q. 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.

**r. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s. Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being

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acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t. Related parties**

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

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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

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**Notes to Financial Statements Continued**

**6. Public Contributions and Donations**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Public donations	6,182,681	-
<b>Total</b>	<b>6,182,681</b>	<b>-</b>

**7. Rendering of Services**

Description	2024-2025	2023-2024
	KShs	KShs
Health Services Fund (FIF)	12,337,651	1,006,205
<b>Total</b>	<b>12,337,651</b>	<b>1,006,205</b>

**8. Transfers From Other Government Entities**

Description	2024-2025	2023-2024
	KShs	KShs
NHIF capitation Claims	-	133,700
Linda Mama Program	-	6,713,900
<b>Total</b>	<b>-</b>	<b>6,847,600</b>

**9. Medical/Clinical Costs**

Description	2024-2025	2023-2024
	KShs	KShs
Laboratory chemicals and reagents and Medical Drugs	6,991,681	403,515
Non-Pharms	483,954	206,820
Food and Ration	1,899,000	837,840
Sanitary and cleansing Materials	184,000	123,770
Medical Records	224,000	-
<b>Total</b>	<b>9,782,635</b>	<b>1,571,945</b>

**10. Board of Management Expenses**

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowance	137,000	183,000
<b>Total</b>	<b>137,000</b>	<b>183,000</b>

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**11. Employee Cost**

Description	2024-2025	2023-2024
	KShs	KShs
Temporary employees	125,875	117,252
<b>Total</b>	<b>125,875</b>	<b>117,252</b>

**12. Repairs and Maintenance**

Description	2024-2025	2023-2024
	KShs	KShs
Property- Buildings	624,000	-
Furniture and fittings	-	500,000
<b>Total</b>	<b>624,000</b>	<b>500,000</b>

**13. General expenses**

Description	2024-2025	2023-2024
	KShs	KShs
Fuel	830,000	698,233
Bank Charges	12,186	5,490
Travel and accommodation allowance	214,000	159,000
Printing and stationery	47,000	470,200
Water and sewerage costs	-	277,390
Telephone and mobile phone services	122,000	102,500
Service Charter	-	40,000
Ict and Automation	-	76,500
Other Fuel	262,000	-
<b>Total</b>	<b>1,487,186</b>	<b>1,829,313</b>

**14. Depreciation and Amortization expense**

Description	2023-2024	2024-2025
	KShs	KShs
Property, Plant and Equipment	48,330	55,234
<b>Total</b>	<b>48,330</b>	<b>55,234</b>

**15. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	2,609	1,333

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<b>Total cash and cash equivalents</b>	<b>2,609</b>	<b>1,333</b>
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**(a). Detailed Analysis of Cash and Cash Equivalents**

<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank	1318283779	2,609	1,333
<b>Sub- total</b>		<b>2,609</b>	<b>1,333</b>
<b>Grand total</b>		<b>2,609</b>	<b>1,333</b>

**16. Receivables From Exchange Transactions**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Trade Receivable	6,362,361	8,069,224
<b>Total receivables</b>	<b>6,362,361</b>	<b>8,069,224</b>

**Analysis of Receivables from Exchange Transactions**

<b>Description</b>	<b>2024-2025</b>		<b>2023-2024</b>	
	<b>Kshs</b>	<b>% of the total</b>	<b>Kshs</b>	<b>% of the total</b>
	<b>Current FY</b>		<b>Current FY</b>	
Less than 1 year	6,362,361	100%	6,847,600	85%
Between 1-2 Years	-		1,221,624	15%
<b>Total</b>	<b>6,362,361</b>		<b>8,069,224</b>	

**17. Inventories**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	9,786,422	922,903
Food supplies	-	30,000
Non-Phamrs	-	764,295
<b>Total</b>	<b>9,786,422</b>	<b>1,717,198</b>

**18. Property, Plant and Equipment**

<b>Description</b>	<b>Land</b>	<b>Buildings and Civil works</b>	<b>Mot or vehicles</b>	<b>Furniture, fittings, and office equipment</b>	<b>ICT Equipment</b>	<b>Plant and medical equipment</b>	<b>Capital Work in</b>	<b>Total</b>

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							progr ess	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022	-	-	-	-	-	505,000	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/ adjustment s	-	-	-	-	-	-	-	-
<b>At 30th Jun 2023</b>	-	-	-	-	-	505,000	-	-
At 1 July 2023	-	-	-	-	-	505,000	-	505,000
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/a djustments	-	-	-	-	-	-	-	-
<b>At 30th Jun 2024</b>	-	-	-	-	-	505,000	-	505,000
At 1 July 2024	-	-	-	-	-	505,000	-	505,000
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/a djustments	-	-	-	-	-	-	-	-
<b>At 30th Jun 2025</b>	-	-	-	-	-	505,000	-	505,000
<b>Depreciat</b>								

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<b>ion and impairment</b>								
At 1 July 2022		-	-	-	-	63,125		63,125
Depreciation for the year		-	-	-	-	-		-
Disposals		-	-	-	-	-		-
Impairment		-	-	-	-	-		-
<b>At 30 June 2023</b>	-	-	-	-	-	63,125	-	63,125
At July 2023	-	-	-	-	-	63,125	-	63,125
Depreciation		-	-	-	-	55,234		55,234
Disposals		-	-	-	-	-		-
Impairment		-	-	-	-	-		-
Transfer/adjustment		-	-	-	-	-	-	-
<b>At 30th June 2024</b>		-	-	-	-	118,359	-	118,359
At 1 July 2024	-	-	-	-	-	118,359	-	118,359
Depreciation	-	-	-	-	-	48,330	-	48,330
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Transfer/a djustment	-	-	-	-	-	-	-	-
<b>At 30th June 2025</b>	-	-	-	-	-	<b>166,6 89</b>	-	<b>166, 689</b>
<b>Net book values</b>								
At 30th Jun 2023	-	-	-	-	-	441,8 75	-	441, 875
At 30th Jun 2024	-	-	-	-	-	386,6 41	-	386, 641
At 30th Jun 2025	-	-	-	-	-	338,3 11	-	338, 311

<b>Item</b>	<b>Depreciation rate</b>
Buildings and Civil works	2.00%
Motor vehicles	25%
Furniture, fittings, and office equipment	12.50%
ICT Equipment	33%
Plant and medical equipment	12.50%

**19. Trade and Other Payables**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	-	-
Employee dues		
Total	-	-

**20. Cash Generated from Operations**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year before tax	6,315,307	3,597,061
<b>Adjusted for:</b>		
Depreciation	48,330	55,234

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Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(8,069,224)	(1,717,198)
Increase in receivables	1,706,863	(1,934,764)
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>1,276</b>	<b>333</b>

**21. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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

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the company'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
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	6,362,361	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	2,609	0	0	0
<b>Total</b>	<b>6,364,970</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the company'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.

There were no non derivative financial liabilities for the entity for the period under review.

**(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

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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 company'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 no transactional currency exposures as there were no purchases of goods and services that were done in foreign currencies.

**Foreign currency sensitivity analysis**

There was no transactions made in foreign currency hence there was no risk relating to exchange rates.

**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 company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**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:

<b>Description</b>	2024/25
	Kshs

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Revaluation reserve	0
Retained earnings	0
Capital reserve	0
<b>Total funds</b>	0
Total borrowings	0
Less: cash and bank balances	(2,609)
Net debt/ ( <i>excess cash and cash equivalents</i> )	(2,609)
<b>Gearing</b>	0%

**22. Related Party Balances**

**Nature of related party relationships**

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

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

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

**23. Segment Information**

*The hospital had no segment.*

**24. Contingent Liabilities**

*The institution never engaged in the any court case for the financial year under review.*

**25. Capital Commitments**

*There was capital commitments under the financial year under review*

**26. Events after the Reporting Period**

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

**27. Ultimate and Holding Entity**

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The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Medical Services. Its ultimate parent is the County Government of Migori.

**28. Currency**

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

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**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	<p>The statement of financial performance and as disclosed under Note 12 to the financial statement reflects Kshs.117,252 in respect to employee costs. Examination of records revealed that the expenditure relates to casual employees employed by the hospital during the year under audit. However, letters of employment detailing terms of service on their engagements were not provided for audit review.</p> <p>In the circumstances, it was not possible to confirm whether the expenditure of Kshs.117,252 relating to casual employees as at 30 June, 2024 was properly charged to public funds.</p>	<p>Management Response</p> <p>The management noted auditor’s observation and wish to state that all processes that pertains to the recruitment of casuals is done by the Public Service Board and the hospital is yet to receive copies of these letters from the County Public Service Board.</p>	Partially resolved	
2	<p>The statements of financial position and as disclosed in note 17 to the financial statement includes Kshs.8,069,224 in respect to</p>	<p>The Management noted the auditor’s observation and wish to</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>receivables from exchange transactions. The balance relates to medical services receivables from National Hospital Insurance Fund (NHIF). However, Management did not make any provision for bad and doubtful debts in the financial statements.</p> <p>In the circumstances, it was not possible to confirm the accuracy and completeness of trade and other receivables balance of Kshs.8,069,224 as at 30 June, 2024.</p>	<p>state that going forward, it will provide for bad and doubtful debts in its financial statements. Further, the mandate of collection of revenue has been shifted to Health services fund board which is reliable source in honouring the hospital debts</p>		
3	<p>The statement of financial position and as disclosed in note 19 to the financial statement includes Kshs.386,641 in respect to property plant and equipment. However, the assets register detailing the type and description of each individual asset, the acquisition cost of the asset, the supplier details, estimated useful life, the physical location of the asset, the person allocated, the asset condition and tag number for identification of the asset were not provided audit review.</p>	<p>The management noted the auditor's observation and wish to state that the assets have not been handed over to the facility by the county government as they are still waiting for the transfer of the ownership documents from the Intergovernmental Relation</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Further and as previously reported, ownership documents for the land and logbooks were not provided for audit review and the assets movement schedule reported nil balances of land and motor vehicles. In addition, had an unserviceable ambulance that was not earmarked for disposal. Evidence of whether the disposal process has started was not provided for audit review. In the circumstances the accuracy of Kshs.386,641 in respect to property plant and equipment balance as at 30 June, 2024 could not be confirmed	Technical Committee (IGRTC) which will detail all the assets and liabilities inherited from the defunct local authority.		
4	In the audit report of 2023/2024 financial year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve them.	The management noted the auditor's observation and is committed to continuously resolve the issues as raised in the auditor's report.	Partially resolved	

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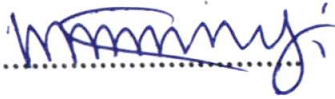
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
	In the circumstances, Management did not adhere to the provisions of the Public Sector Accounting Standards Board.			
5	Compliance with Level 4 Hospital Requirement	The management noted the auditor's observation and wishes to state that it relies on the county government to bridge the above-mentioned gaps.	Partially Resolved	
6	Non-Compliance with Pharmacy and Poisons Board Requirements	The management noted the auditor's observation and wish to commit that it will allocate funds in its next financial budget for registration of the facility pharmacy as this is a new regulation	Not Resolved	
7	During the year, it was noted that the Hospital's operations in terms of procurement of good and services was still centralized at the County Headquarters, under the County's Department of	The management noted the auditor's observation and wishes to state that the hospital has its	Partially Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Health and Medical Services. Once the goods are supplied and services provided, the Hospital submits the necessary documents to the County's Department of Health and Medical Services for onward payment thereby denying the hospital operational autonomy in terms of procurement and payments which may lead to delay in provision of services to the residents.</p> <p>This is contrary to the Kenya Gazette Notice No. 786 of 4th February 2020 on categorization of facilities, gives the categorization(level), facility name and description and services offered in each facility's level. Section 50(2) of the Public Finance Management regulations 2015, provides that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.</p>	<p>operational autonomy where it procures and pays for its supplies.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	In the circumstances, the lack of operational autonomy in terms of procurement and payments may lead to delay in provision of services to the residents.			



Moses Ginono