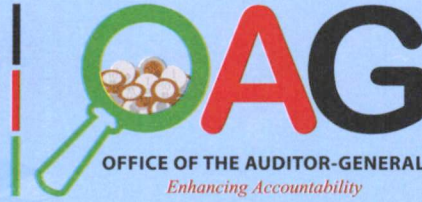


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REPORT

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THE AUDITOR-GENERAL

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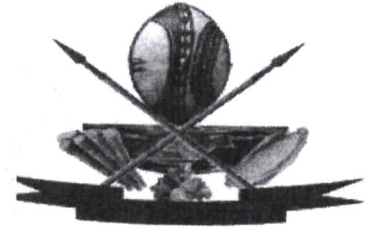
AWENDO SUB COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI

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# **AWENDO SUB COUNTY 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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**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 Awendo Subcounty Hospital.

**2. Key Awendo Sub County Hospital Information and Management**

**(a) Background information**

Awendo Sub County hospital is a level 4 hospital established and domiciled in Migori County under the Health Medical Service Department.

The hospital is governed by a Board of Management

**(b) Principal Activities**

The principal activity/mandate of the hospital is to execute prompt, effective and quality service delivery.

Vision: To have a nationally and internationally Competitive, productive and healthy county

Mission: To provide integrated, responsive and high-quality client –centred promotive, preventive, curative and rehabilitative health care services that is evidence based 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:

No.	Designation	Name
1.	Medical Superintendent	Ireene Onyinkwa
2.	Procurement Officer	Kennas Odongo
3.	Hospital Administrator	Steve Omondi Ogutu

**(e) Fiduciary Oversight Arrangements**

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

**Key Awendo Subcounty Hospital Information and Management (continued)**

- Parliamentary committees
- Other oversight committees

**(f) Entity Headquarters**

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

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P.O. Box 477 -40405  
Awendo SC Hospital Administration Building  
Along Migori-Kisii Road, Behind Shell Petrol Station and Awendo NCPB.  
MIGORI KENYA

**(g) Entity Contacts**

Telephone: (+254) 020356598  
E-mail: awendodhmt@yahoo.com

**(h) Entity Bankers**

National Bank of Kenya  
Account Number: 01001017544600  
Account Number: 7700143188  
Account Name: Awendo Sub County Hospital (FIF)

**(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**







**County Attorney**  
P.O. Box. 202  
MIGORI, Kenya

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


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7.		Name: Patrick Oduma Ayang Educational Experience: Form 4 Work Experience: Retired KDF Major
8.		Name: Mrs. Oginga Odera Age :53 Years old Educational Experience: Diploma In Theology Experience: Has been a board member since 2015 to date in various institution.





**3. The Board of Management**

Ref	Directors	Details
1.		Irene Onyinkwa: Secretary. Academic Qualification: Diploma in clinical medicine and surgery Title: Secretary to the Board
2.		Frederick Ochieng Abiner-Chair Age : 55 yrs. Academic Qualification: Diploma in business management Experience: 35 years
3.		Monica Onyango Age : 47 yrs Academic Qualification: Bachelor in counselling psychology at Mt Kenya University Experience: 18 yrs of experience as an entrepreneur
4.		Paul Billy Nyagilo-Member Age : 68 yrs. Academic Qualification: Higher diploma in sales and marketing from Nairobi Institute of Business Studies. Experience: 10 years as regional sales manager at National Cement Company
5.		Francis Ndar Ofuo-Member Age : 62 yrs Academic Qualification: K.C.E from Kanyawanga High school Experience: 10 yrs experience as Zonal Parents Teachers Association Chairman
6.		Evaline Anyango Osano-Member Age : 53 Yrs Academic Qualification: Diploma in Information Technology from Universal Group of colleges Experience: 3 years' experience as a field officer in One- Acre Fund

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

	Bsc in pharmacy	<ul style="list-style-type: none"> <li>-controls and manages use of commodities</li> <li>-compile monthly rely commodity report etc</li> </ul>
5	<p>Laboratory in charge – Beatrice Aluoch Opondo</p>  <p>Bachelor of Science Degree in Medical Laboratory Science</p>	<p>Functions</p> <ul style="list-style-type: none"> <li>-coordinate all laboratory services within the facility</li> <li>-Ensures quality sample taking, networking/testing and timely results</li> <li>-manages laboratory commodities by timely quantification, ordering, storage and appropriate use etc</li> </ul>

**4. Key Management Team**

Ref	Management	Details
1.	<p>Irene Onyinkwa:</p>  <p>Diploma in clinical medicine and surgery</p>	<p>Co-Ordinate the general Function of the Hospital</p> <ul style="list-style-type: none"> <li>i. Clinical Functions</li> <li>ii. Nursing services Functions</li> <li>iii. Medical Functions</li> <li>iv. Referral Function</li> <li>v. Procurement and Accounting Functions</li> <li>vi. Diagnostic Functions</li> <li>vii. Staff Relations and Disciplines Functions</li> </ul> <p>Patients Welfare Functions</p>
2.	<p>Hospital Administrator – Steve Omondi Ogutu</p>  <p>Bachelor degree medical laboratory science</p>	<ul style="list-style-type: none"> <li>i. Co-ordinate administration issues in conjunction with Medsup</li> <li>ii. Ensuring the working environment is clean and conducive for both the clients and employees.</li> <li>iii. In charge of Non-Medical Staff and Support staff</li> <li>iv. Ensuring that the utility Vehicles and Ambulances are serviced and operational</li> <li>v. Secretary to the Hospital Management Team Committee</li> </ul> <p>Assist in hospital day to day running and coordinating Revenues collected and Banking of the same</p>
3.	<p>Nursing in charge – Everlyne Olonde</p>  <p>Diploma in Nursing</p>	<p>Functions</p> <ul style="list-style-type: none"> <li>-coordinates all the nursing activities within the facility</li> <li>-oversees support staffs</li> <li>-assists the office of the medical superintendent on delegated functions etc</li> </ul>
4.	<p>Pharmacy in charge – Dr. Erickson Manyinsa</p> 	<p>Functions</p> <ul style="list-style-type: none"> <li>-timely ordering of pharmaceuticals and non-pharmaceuticals, storage and appropriate use</li> </ul>

**5. Chairman's Statement**

The board management of Awendo Sub County Hospital is Optimistic and ready to Cooperate for better and improved service delivery at the Hospital. If given a chance to exercise the potentials bestowed on them as a board. The Hospital has a lot of opportunities that can be tapped from expert doctors and specialized nurse and clinicians.

As a board we appreciate the County Government of Migori for tremendous infrastructures/projects that have been done in our Hospital like Mother Child Unit, Walkway Cabros, MCH renovation and an upcoming construction of Radiology department which is set to start soon as this will be an achieved milestone in better, affordable, accessible quality services.

Thanks, and God bless everyone.

Thank You!



.....  
**Name: Fred Ochieng Abiner**

**Chairman to the Board**

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


Awendo Sub County Hospital is an entity that was established by the county government of Migori to provide medical service to the residence of Migori and Kenyans as a whole. The hospital has its headquarters in Awendo Sub-County where it is one of the largest levels(iv) facility providing health services to the public.

The hospital falls under the department of medical services and operates in line with three major themes in fulfilling the needs to the society. The three major thematic areas are: planning and administrative services that oversees the implementation of various projects in the facility and participate in day to day running of the hospital. The second pillar is the provision of preventive and promotive health services and thirdly, provision of curative services.

There is need for the maintenance of the road leading to the facility so that the facility can be easily accessible by the general public, including the street lights to boost security issues.

The revenue that the facility collects is still not sufficient to meet all the needs of the facility, therefore, support from various partners, non-governmental organisation, private organisation e.g Safaricom foundation which has offered to build a modern comprehensive maternal and child health unit and maternity wing.

National government and county government as a whole is key towards the achievement of affordable healthcare to the society. Besides, automation of the revenue collection needs to be implemented in order to avoid pilferage of revenue. In conclusion, Awendo sub county hospital is an entity with great potential and I would wish to encourage the general public that Awendo sub county hospital is the best place to be for the betterment of your health.



.....  
**Name: Irene Onyinkwa**  
**Secretary to the Board**

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

Awendo Sub-County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows;

- Pillar /theme/issue 1: Planning and administrative support services
- Pillar/theme/issue 2: Preventive and promotive health services
- Pillar/theme/issue 3 Curative services

Awendo Sub County Hospital develops its annual work plans based on the above 3 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Awendo Sub County Hospital achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars.

<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.  Conducting performance reviews	As Awendo Sub county Sub County Hospital, One workplan developed    Biannual and annual review conducted
	To increase, develop ,retain and motivate health personnel	No.of Annual Work Plans developed		
	To construct ,expand, maintain and improve health infrastructure	No.of Strategic plans developed		
	To accelerate scale up of Universal Health Coverage	% of performance reviews conducted		
		% quarterly support supervision conducted		
		% quarterly data quality audits conducted		
		%of Health Information tools printed and distributed		
<b>Preventive and promotive health services</b>	To reduce the burden of preventable diseases and promote healthy lifestyle among communities	% of hospitals supplied with Pharmaceuticals	Supplying the hospital with pharmaceuticals, on pharmaceuticals, laboratory reagents, vaccines supplies	Awendo Sub County Hospital was supplied with medical drugs non pharmaceuticals, laboratory
		% of hospitals supplied with Non Pharmaceuticals		
	To reduce maternal and new-born mortality	% of hospitals supplied with Laboratory Reagents		

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

	<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>To implement a robust and multidimensional approach in preventing and managing</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>reagents, and vaccines supplies.</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**

During the Financial Year 2024/25 the Board Member held quarterly meetings to discuss the performance of the hospital. Consequently, the meetings were convened every time the facility receive funds from Migori Health Services Fund Board to discuss and see the areas which need urgent funding so that facility to continue operating normally. These meetings were held in the medical superintendent boardroom. The Board members also were taken through the previous financial audit review report for the period 2023-2024 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.
- vi. 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:

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

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- 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.

## **9. Management Discussion and Analysis**

### **Financial performance**

Awendo Sub County Hospital registered a total of Ksh. 16,487,071 (Sixteen Million Four Hundred and Eighty-Seven Thousand and Seventy-One) as the revenue for financial year 2024/2025. This resulted to a more than 50% increase in revenue growth as compared to the financial year 2023/2024. This was majorly attributed by the improvement in revenue collection from rendered services and donor funds. In line with this, the hospital collected a total of Ksh. 14,091,072 from exchange transactions and Ksh. 2,396,000 from non-exchange transaction. Moreover, the hospital was able to register an increase in net surplus to Ksh. 6,461,364 from Ksh. 5,262,209 resulting to a Ksh. 1,199,156 increase.

### **Clinical/operational performance**

- Bed capacity 38
- Overall patient attendance for both inpatient (917) and outpatient (11084).
- Accident and emergency attendance- 231
- Specialized clinic attendance-923
- Average length of stay for inpatient -5days.
- Bed occupancy rate-88%.
- Mortality Rate- 1.8%
- Surgical theatres utilization 129 cs.
- Sponsorship and partnership lwala community alliance, CIHEB, K-Met.

### **Revenue sources.**

The Revenue streams for the Hospital is mainly Facility Improvement Fund and Donor Funds.



**Name: Irene Onyinkwa**

**Secretary to the Board**

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

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

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

The hospital is expanding its infrastructure to increase the provision of specialised services to the community. This in long run will increase the revenue base of the hospital which will make it self-sustainable in future.

### ***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

### ***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 AWENDO 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, request for quotations and through direct procurement method.

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***

Awendo 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.

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

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

### **Principal activities**

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

### **Results**

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

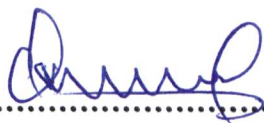
### **Board of Management**

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 *Awendo Subcounty Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
**Name : Irene Onyinkwa**

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

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

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

### **Approval of the financial statements**

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



.....  
**Name: Fred Ochieng Abiner**  
**Chairperson**  
**Board of Management**



.....  
**Name: Irene Onyinkwa**  
**Accounting Officer**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON AWENDO 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 Awendo 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 equity, 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 Awendo 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 International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **Failure to Disclose the Entity's Assets**

The statement of financial position as disclosed in Note 18 to the financial statement reflects property, plant and equipment balance of Kshs.26,500. However, the Management of hospitals did not disclose property, plant and equipment and inventory balances in their financial statements despite owning various assets which include land and buildings, specialized and non-specialized medical equipment, furniture and fittings, motor vehicles and ICT equipment. This is contrary to the provisions of IPSAS 17 that prescribe the recognition of property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investments.

In the circumstance the accuracy and completeness of property, plant and equipment balance of Kshs.26,500 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI's) I am independent of the Awendo 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 Matter**

#### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.16,489,247 and Kshs.10,052,341 respectively resulting to an underfunding of Kshs.6,436,906 or 39% of the budget. Similarly, the Hospital expenditure amounted to Kshs.10,021,957 against the realized receipts of Kshs.10,052,341 resulting to full utilization of the realized amount.

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on financial statements, Report on Lawfulness and Effectiveness in the use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital revealed that the following six (6) issues remain unresolved.

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported Clinic Costs
2	2023/2024	Unsupported Trade and Other Payables
3	2023/2024	Non-Disclosure and Doubtful Ownership of Property Plant and Equipment
4	2023/2024	Lack of Approved Budget
5	2023/2024	Lack of Procurement Plan
6	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)

My opinion is not modified in respect of these matter.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xix which comprise Key Awendo Sub County 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 and Report of the Board of Management and the Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 Awendo Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.11,402,576 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.8,486,542 to the Sub-County Hospital resulting in a deficit of Kshs.2,916,033. 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 on Medical Waste Management

Review of the operations at the Hospital revealed that the facility operated without an incinerator and that non-sensitive hospital waste were accumulated at both male and female toilets and washrooms for months. The sensitive biomedical waste is accumulated and transported to Uriri Level 4 Hospital for disposal. Further, staff were handling both the biomedical waste and other hospital waste without putting on the personal protective gears thereby exposing themselves to health risk associated infections. In the present condition, there is high exposure of the hospital staff, waste handlers, patients, and the community to pathogens, release of dioxins, furans, and particulate matter which contribute to air pollution and respiratory illness and fines, license suspension or closure of the health facility for violating national biomedical waste regulations. This is contrary to

the Part VII - Regulations 22 to 33 of the Environmental Management and Co-ordination (Waste Management) Regulations, 2024 on Biomedical Waste.

In the circumstance, the management was in breach of the law.

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.

### 3. Failure to Retain Revenue Raised by the Hospital

The statement of cash flows reflects rendering of services - medical service income of Kshs.7,654,165. The amount represents 38% of the total revenue collected of Kshs.20,030,130 contrary to (70%) funds expected from board which should be Kshs.14,091,072. This is contrary to Section 5 (1) of the Facilities Improvement Financing Act 2023 which required retention of all monies raised or received by or on behalf of all public health facilities and Section 9(a) that states the county executive committee member shall support the implementation of the facility improvement financing by - facilitating effective collection and retention of facility improvement financing revenue by the public health facility in accordance with this Act.

In circumstances, Management was in breach of the Law.

### 4. Non-compliance with in Implementation Universal Health Coverage (UHC) Requirement for level 4 Hospitals

Review of Hospital operation and records revealed that the health facility operated below the set standards as per the Kenya Quality Assurance model for health checklist for Level 4 Hospital. The following deficiencies in implementation of universal Health care program were observed.

#### 4.1 Inadequate staffing Requirement

The Hospital did not meet the necessary requirement for staffing as detailed below;

Staff Requirements	Level IV Standard	Number in Hospital	Variance	%
Medical Officers	16	1	15	93.75
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	22	53	71
<b>Total</b>	<b>101</b>	<b>23</b>	<b>78</b>	<b>77</b>

### 3.2 Inadequate Level 4 Hospital Equipment

The hospital lacked or had shortage of the necessary equipment and machines outlined in the Health policy Guidelines as detailed below;

Service	Level IV Standard	Number in Hospital	Variance	%
Beds	150	70	80	53
Resuscitaire in theatre	2	1	1	50
New Born Unit Incubators	5	0	5	-100%
New born Unit Cots	5	0	5	-100%
Functional ICU Beds	6	0	6	-100%
High Dependency Unit HDU	6	0	6	-100%
Renal Unit with at least dialysis machines	5	0	5	-100%
Two Functional Operational theatres- Maternity & General	2	0	2	-100%

The deficiencies 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 Articles 43(1) of the constitution of Kenya, 2010 may not be achieved, further this contravenes the Kenya Quality Model for Health policy Guidelines and may have hindered the achievement of Government program on universal Health coverage (UHC).

In the circumstance the effectiveness of the medical services offered and the universal Health coverage could not be confirmed.

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

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

#### Conclusion

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

## **Basis for Conclusion**

### **1. Lack of Integration Between Key Departments**

The Hospitals' key sections are not integrated with Kenya EMR (Taifa Care) platform. These include pharmacy and laboratory, yet they are integral in the billing of patients for drugs and tests respectively. At the moment, patients go with physical receipts to the pharmacy or laboratory as a confirmation of payment, then the dispensed drugs are manually recorded in a book. Lack of integration of the department exposes the facility human errors in billing, dispensing of drugs and is also susceptible to fraud, Further, the management does not have a complete visibility of the transactions.

In the circumstance, the effectiveness of billing system of the Hospital could not be confirmed.

### **2. Failure to Establish an Audit Committee and Risk Management Committee**

During the year under review, the Hospital did not establish an audit committee. Further, no evidence to confirm that the Hospital was audited by the Internal Audit Unit. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an Audit Committee.

In the circumstances, the effectiveness of the internal audit and audit committee in governance could not be confirmed.

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

### **Responsibilities of 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**


**02 December, 2025**

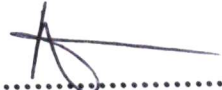
**Awendo Sub County Hospital (Migori County Government)**  
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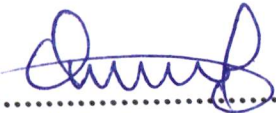
**14. Statement of Financial Performance for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023 - 2024
		Kshs	
<b>Revenue from non-exchange transactions</b>			
Public Donations and Contributions	6	2,396,000	-
<b>Revenue from non-exchange transactions</b>		<b>2,396,000</b>	<b>-</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	7	14,091,072	2,079,620
Transfers From Other Government Entities	8	-	6,219,832
<b>Revenue from exchange transactions</b>		<b>14,091,072</b>	<b>8,299,452</b>
<b>Total revenue</b>		<b>16,487,071</b>	<b>8,299,452</b>
<b>Expenses</b>			
Medical/Clinical costs	9	7,135,924	1,534,130
Board of Management Expenses	10	251,000	362,000
Employee costs	11	259,162	324,328
Repairs and maintenance	12	869,874	321,000
General expenses	13	1,505,998	495,786
Depreciation	14	3,750	-
<b>Total expenses</b>		<b>10,025,707</b>	<b>3,037,244</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>6,461,364</b>	<b>5,262,209</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: Fred Ochieng Abiner**  
**Board of Management**

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


  
 .....  
**Medical Superintendent Irene Onyinkwa**


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

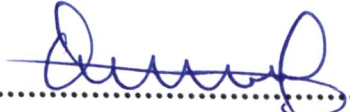
**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	384	2,176
Receivables from exchange transactions	16	6,436,906	8,924,562
Inventories	17	9,846,055	1,117,351
<b>Total Current Assets</b>		<b>16,283,345</b>	<b>10,044,089</b>
<b>Non-current assets</b>			
Property, plant, and equipment	18	26,250	-
<b>Total Non-current Assets</b>		<b>26,250</b>	<b>-</b>
<b>Total assets</b>		<b>16,309,595</b>	<b>10,044,089</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	127,573	323,431
<b>Total Current Liabilities</b>		<b>127,573</b>	<b>323,431</b>
<b>Net assets</b>		<b>16,182,022</b>	<b>9,720,658</b>
<b>Represented By:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		16,182,023	9,720,658
Capital Fund		-	-
<b>Total Net Assets and Liabilities</b>		<b>16,182,023</b>	<b>10,044,089</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: Fred Ochieng Abiner**  
**Board of Management**

  
 .....  
**Head of Finance: Stephen Nyainda**  
**ICPAK No: 21086**

  
 .....  
**Medical Superintendent Irene Onyinkwa**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
<b>At July 1, 2022</b>				
Surplus/(deficit) for the year	-	4,458,450	-	4,458,450
<b>At June 30, 2023</b>	-	<b>4,458,450</b>	-	<b>4,458,450</b>
<b>At July 1, 2023</b>	-	<b>4,458,450</b>	-	<b>4,458,450</b>
Surplus/(deficit) for the year	-	5,262,209	-	<b>5,262,209</b>
<b>At June 30, 2024</b>	-	<b>9,720,658</b>	-	<b>9,720,658</b>
<b>At July 1, 2024</b>	-	<b>9,720,658</b>	-	<b>9,720,658</b>
Surplus/(deficit) for the year	-	6,461,364	-	6,461,364
<b>At June 30, 2025</b>	-	<b>16,182,023</b>	-	<b>16,182,023</b>

**Awendo Sub County Hospital (Migori County Government)**  
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**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services- Medical Service Income		7,654,165	2,918,420
<b>Total Receipts</b>		<b>7,654,165</b>	2,918,420
<b>Payments</b>			
Medical/Clinical costs		4,739,924	1,462,130
Board of Management Expenses		251,000	362,000
Employee costs		259,162	324,328
Repairs and maintenance		869,874	273,000
General expenses		1,505,998	495,786
<b>Total Payments</b>		<b>7,625,958</b>	2,917,244
<b>Net cash flows from operating activities</b>	20	<b>28,208</b>	1,176
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		30,000	
Proceeds from the sale of property, plant, and equipment		-	
Acquisition of investments		-	
<b>Net cash flows used in investing activities</b>		30,000	
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	
Capital grants received		-	
<b>Net cash flows used in financing activities</b>		-	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,792</b>	1,176
Cash and cash equivalents as at 1 July, 2024	15	2,176	1,000
<b>Cash and cash equivalents as at 30 June. 2025</b>	15	<b>384</b>	2,176

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		2,176	2,176	2,176	-	100%
<b>Revenue</b>						
Public Donations and Contributions	-	2,396,000	2,396,000	2,396,000	-	0%
Rendering of services- Medical Service Income	14,091,072	-	14,091,072	7,654,165	6,436,906	54%
<b>Total income</b>	<b>14,091,072</b>	<b>2,398,176</b>	<b>16,489,247</b>	<b>10,052,341</b>	<b>6,436,906</b>	<b>61%</b>
<b>Expenses</b>						
Medical/Clinical costs	11,175,038	2,398,176	13,573,214	7,135,924	6,437,290	53%
Board of Management Expenses	251,000	-	251,000	251,000	-	100%
Employee costs	259,162	-	259,162	259,162	-	100%
Repairs and maintenance	869,874	-	869,874	869,874	-	100%
General expenses	1,505,998	-	1,505,998	1,505,998	-	100%
<b>Total Expenses</b>	<b>14,061,072</b>	<b>2,398,176</b>	<b>16,459,247</b>	<b>10,021,957</b>	<b>6,437,290</b>	<b>61%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>384</b>	

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<b>Capital expenditure</b>	30,000	-	30,000	<b>30,000</b>	-
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**Budget Reconciliation**

<b>Description of Particulars</b>	<b>Amount in Kshs</b>
Actual Surplus Amounts as per the statement of Budget	384
Closing Cash and Cash Equivalent as per the statement of Cash flows	384

NOTE: The hospital registered 54% utilization in rendering of services as there was an outstanding Ksh. 6,436,906 rendering services income from the health services which the hospital did not receive for the period ended 30th June 2025. This particular figure is reflected in the trade receivable note.

## **19. Notes to the Financial Statements**

### **1. General Information**

Awendo Sub County Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Migori County Government and is domiciled in Migori County in Kenya. The entity'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 entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<i>Applicable 1<sup>st</sup> January 2025</i>

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Standard	Effective date and impact:
	<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 Awendo Subcounty Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This standard did not have a significant impact on the correctness and completion of the financial statement as the hospital did not have any lease agreement.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, 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: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>This standard did not have a significant effect on the financial statement for the facility.</i></b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<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</p>

Standard	Effective date and impact:
	<p>under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard did not have a significant impact on the accuracy and correctness of the financial statement as the hospital did not have heritage assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <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> <p>The standard did not have a significant impact on the correctness and completeness of the financial statement and the institution is yet to adopt it.</p>
<p>IPSAS 47- Revenue</p>	<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 AWENDO Subcounty Hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The entity is yet to adopt the standard hence it did not have a significant impact on the financials presented.</p>

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<b>Standard</b>	<b>Effective date and impact:</b>
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> <p>The entity is yet to adopt the standard hence it did not have a significant impact on the financials presented.</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 sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>This standard did not have an impact on the financial statement as the facility is yet to establish a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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>iii. Disclosures that identify and explain the amounts in the AWENDO Subcounty Hospital'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> </ul>

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

The Awendo 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 *Awendo Subcounty Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board where the budget for the facility was incorporated with other hospitals under the vote line of Health Services management 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 Awendo Sub County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Awendo Sub County Hospital recorded no additional appropriations on the FY 2024/2025 budget. The Awendo 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 financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *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**

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 Awendo Sub County Hospital 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 Awendo Sub County Hospital. 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 Awendo Sub County Hospital 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 Awendo Sub County Hospital 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 Awendo Sub County Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g. Intangible assets**

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

**h. Biological Assets**

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

**i. Research and development costs**

The Awendo Sub County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the entity can demonstrate:

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

- The ability to measure reliably the expenditure during development.

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

**j. Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

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

or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Awendo Subcounty Hospital 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).

**Financial liabilities**

**Classification**

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

**k. Inventories**

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

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

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

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

**l. Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits

or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements.

**q. Changes in accounting policies and estimates**

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

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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.

**t. Borrowing costs**

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

**u. Related parties**

The Awendo Subcounty Hospital regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *entity*, or

vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Hospital.
- 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	2024-2025
	KShs
Public donations (KEMSA and MEDS)	2,396,000
<b>Total donations and sponsorships</b>	<b>2,396,000</b>

**7. Rendering of Services-Medical Service Income**

Description	2024-2025	2023-2024
	Kshs	Kshs
FIF	14,091,072	2,079,620
<b>Total revenue from the rendering of services</b>	<b>14,091,072</b>	<b>2,079,620</b>

**8. Transfers From Other Government Entities**

Description	2024-2025	2023-2024
	KShs	KShs
NHIF capitation Claims		326,900
SHIF, NHIF and Linda Mama Program	-	5,892,932
<b>Total Transfers</b>	<b>-</b>	<b>6,219,832</b>

**9. Medical/ Clinical Costs**

Description	2024-2025	2023-2024
	KShs	KShs
Pharms	3,593,475	241,000
Non-Pharms	343,751	
Lab Items	411,130	
Food and Ration	3,240,031	1,146,530
Sanitary and cleansing Materials	185,900	96,600
Medical records	260,000	50,000
<b>Total medical/ clinical costs</b>	<b>8,034,287</b>	<b>1,534,130</b>

**10. Board of Management Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting allowance	251,000	362,000
<b>Total</b>	<b>251,000</b>	<b>362,000</b>

**11. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	259,162	324,328
<b>Employee costs</b>	<b>259,162</b>	<b>324,328</b>

**12. Repairs And Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	869,874	321,000
<b>Total repairs and maintenance</b>	<b>869,874</b>	<b>321,000</b>

**13. General Expenses**

Description	2024 - 2025	2023 - 2024
	KShs	KShs
Fuel	762,000	109,065
Bank Charges	63,640	13,321
Travel and accommodation allowance	207,000	106,000
Printing and stationery	107,500	110,400
Water and sewerage costs	195,858	30,000
Telephone and mobile phone services	170,000	100,500
Ict and automation	-	26,500
<b>Total</b>	<b>1,505,998</b>	<b>495,786</b>

**14. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	3,750	-
<b>Total depreciation and amortization</b>	<b>3,750</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**15. Cash And Cash Equivalents**

Description	2024- 2025	2023 - 2024
	KShs	KShs
Current accounts	384	2,176
<b>Total cash and cash equivalents</b>	<b>384</b>	<b>2,176</b>

**15 (a). Detailed Analysis of Cash and Cash Equivalents**

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Description		2024- 2025	2023 - 2024
Financial institution	-	KShs	KShs
a) Current account			
National Bank	01001017544600	1,001	2176
National Bank	7700143188	- 617	
Sub- total			2,176
Grand total		384	2,176

**16. Receivables From Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	6,436,906	8,924,562
<b>Total receivables</b>	<b>6,436,906</b>	<b>8,924,562</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	6,436,906	100%	6,219,832	70%
Between 1- 2 years	0	0%	2,704,730	30%
<b>Total</b>	<b>6,436,906</b>	<b>100%</b>	<b>8,924,562</b>	<b>100%</b>

**17. Inventories**

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	535,160	724,191
Maintenance supplies	-	1,000
Food supplies	-	7,935
Linen and clothing supplies	-	2,000
Non-Pharms	9,094,445	-
Lab supplies	216,450	382,225
<b>Total</b>	<b>9,846,055</b>	<b>1,117,351</b>

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*Notes to the Financial Statements (Continued)*

**18. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30th Jun 2023</b>	-	-	-	-	-	-	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30th Jun 2024</b>	-	-	-	-	-	-	-	-

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At 1 July 2024	-	-	-	-	-	-	-	-
Additions	-			30,000				30,000
Disposals				-				
Transfer/adjustments								
<b>At 30th Jun 2025</b>	-	-	-	<b>30,000</b>	-	-	-	<b>30,000</b>
<b>Depreciation and impairment</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 June 2023</b>	-	-	-	-	-	-	-	-
At July 2023 (current year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30th June 2024</b>	-	-	-	-	-	-	-	-	-	-	-	-
At July 2024	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	3,750	-	-	-	-	-	-	-	-	3,750
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30th June 2025</b>	-	-	3,750	-	-	-	-	-	-	-	-	3,750
<b>Net book values</b>												
At 30th Jun 2023 (previous)	-	-	-	-	-	-	-	-	-	-	-	-
At 30th Jun 2024 (current)	-	-	-	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	26,250	-	-	-	-	-	-	-	-	26,250

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Notes to the Financial Statements (Continued)

19. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	127,573		323,431	
<b>Total trade and other payables</b>	<b>127,573</b>		<b>323,431</b>	
<b>Ageing analysis:</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the total</b>
Under one year	127,573	100%	323,431	100%
1-2 years	0	0%	0	0%
<b>Total</b>	<b>127,573</b>	<b>100%</b>	<b>323,431</b>	<b>100%</b>

20. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	6,461,364	5,262,209
<b>Adjusted for:</b>		
Depreciation	3,750	-
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	(8,728,704)	(1,117,351)
Increase in receivables	2,487,656	(3,940,932)
Increase in deferred income		-
Increase in payables	(195,858)	(202,749)
Increase in payments received in advance		-
<b>Net cash flow from operating activities</b>	<b>28,208</b>	<b>1,176</b>

**Notes to the Financial Statements (Continued)**

**21. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)	8,924,562	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	<b>8,924,562</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	8,924,562	0	0	0
<b>At 30 June 2025(current year)</b>				
Receivables from exchange transactions	6,436,906	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>6,436,906</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

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

**(ii) Liquidity risk management**

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

There was 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 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.

**Notes to the Financial Statements (Continued)**

**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:

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	(384)	(2,176)
Net debt/ ( <i>excess cash and cash equivalents</i> )	(384)	(2,176)
<b>Gearing</b>	0%	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:

- ii) The National Government;
- iii) The County Government;

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- iv) Board of Directors;
- v) Key Management

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**23. Segment Information**

*There are no segments*

**24. Contingent Liabilities**

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**25. Capital Commitments**

<b>Capital Commitments</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**26. Events after the Reporting Period**

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

**27. Ultimate and Holding Entity**

The entity is a 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.

**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.

<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>
1	The statement of receipts and payments reflects Medical/Clinical Costs balance of Kshs.1,462,130 as disclosed in note 10 to the financial statements. However, payments totalling Kshs.950,030 to procure goods and services from various suppliers were not accounted for since management did not provide payment vouchers in support of the expenditure. Further, payment vouchers totalling to Kshs.140,000 provided were not appearing in the ledger hence the financial statements understated by the amount. In addition, the statement of cashflows reflect a balance of Kshs.1,462,130 on clinical costs which differs with Kshs.1,534,130 in the statement of financial performance resulting to unreconciled variance of Kshs.72,000.	The management noted the auditor's observation and provides copies of vouchers totally to Ksh. 950,030 for your review. Further, the financial statement was amended with the above amount hence it was not understated. Moreover, the amount of Ksh. 1,462,130 reported in the statement of cashflows differs with the amount reported in the statement of financial performance because of the difference in the accounting principles applied in the two statements. Statement of cashflow uses cash basis of accounting while statement of financial performance uses accrual basis of accounting.	Resolved	
2	The statement of financial position reflects trade and other payables balance of Kshs.323,431 as disclosed in note 20 to the financial statements.	The management noted the auditor's observation and provides trade and other payables schedules	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>However, individual schedule showing the balances, demand notes and invoices were not provided in support of payables figure for audit verification.</p> <p>In the circumstance, the accuracy and completeness of the balance for trade and other payables of Kshs.323,431 could not be confirmed.</p>	<p>of Kshs. 323,431 and supplier statement invoices for review.</p>		
3	<p>The statement of financial position reflects nil balance for Property, Plant and Equipment as disclosed under note 19 to the financial statements. However, as previously reported, physical verification revealed various assets such as land, buildings, motor vehicles, furniture, computers and medical equipment which were not disclosed in the financial statements and relevant depreciation were not charged on the assets. Ownership documents for these assets such as log book for the ambulance, title deed for land were not provided for audit review. Additionally, there was no asset register in place.</p> <p>In the circumstances, accuracy, ownership and completeness of the Hospital's Property, Plant and Equipment could not be confirmed.</p>	<p>The management noted the auditor's observation and wishes to state that transfer of ownership documents to the facility and the county as a whole is awaiting the Intergovernmental Relation Technical Committee (IGRTC) report that contains all the assets and liabilities inherited from the defunct local authority. Further, the hospital has a temporary asset register which will be fully updated once the ownership documents are handed over and valuation is done.</p>	Not resolved	
4.	Unresolved Prior Year Audit Matters	The management noted the auditor's observation and is committed to continuously resolve the	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		issues as raised in the auditor's report. For instance, the hospital currently does monthly stock take, the hospital board members are gazette and also it has received some medical staff which has helped in bridging the gap in UHC implementation as was noted in the previous audit. Attached were documents for your review.		
5	Lack of Approved Budget	The management noted the auditor's observation and wishes to state that the budget for the hospital was amalgamated with that of other hospitals whereby the total allocation for all hospitals were Kshs. 145,950,000. Going forward, the management will provide a line budget for each hospital in the main budget. Find attached budget for your review	Resolved	
6	The Hospital did not prepare and operate a procurement plan for 2023/2024. In the circumstance, validity and propriety of procurements conducted during the year could not be confirmed	The management noted the auditor's observation and provided the procurement plan for the facility.	Resolved	
7	Deficiencies in Implementation of Universal Health Coverage (UHC)	The management noted the auditor's observation and wish to state that it relies on the county government to bridge the above-mentioned gaps and at the moment, the hospital received some	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		medical staff from county. This has helped to continuously reduce the above-mentioned deficits.		

  
 .....  
**Accounting Officer**