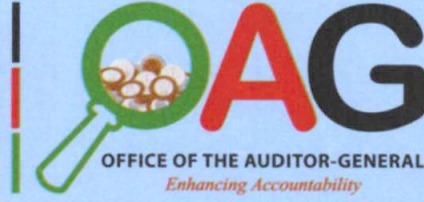


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REPORT

OF

THE AUDITOR-GENERAL

ON

MASABA DISTRICT HOSPITAL - Abdi
LEVEL 4 HOSPITAL

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FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYAMIRA

1887



MASABA DISTRICT HOSPITAL-Level 4 HOSPITAL (County Government of Nyamira)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms &Glossary of Terms

IPSAS :	International Public Sector Accounting Standards
FY:	Financial Year
SDG :	Sustainable Development Goal
MED SUP:	Medical Superintendent
Fiduciary Management:	Key management personnel who have financial responsibility in the entity.
AWP:	Annual Work plan
PFM ACT :	Public Finance Management Act
CSR	Corporate Social Responsibility
OPD	Outpatient Department
PFMA	Public Financial Management Act
MED SUPT	Medical Superintendent
HAO	Health Administrative Officer
HMT	Health Management Team
HMB	Hospital Management Board
RCO	Registered Clinical Officer
NHIF	National Hospital Insurance Fund
SCMOH	Sub—county medical officer of health
CHMT	County health management team
MOH	Ministry of health

2. Key Entity Information and Management

(a) Background information

Masaba District Hospital is a Ministry of Health primary care hospital located in Rigoma, Masaba North Sub County in Nyamira County. The hospital was established in 1954 as Health Centre and is regulated by Ministry of Health under registration number 13678. The hospital serves a population of about 100,000 people in the sub-county and its environs.

The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide quality, affordable and accessible health care services to the community. The Hospital's vision is to be a center of excellence in health service delivery in the region. The hospital's mission is to promote health and well-being through prevention, diagnosis, treatment and rehabilitation of diseases and injuries². The hospital's core objectives are to:

- Improve maternal and child health outcomes
- Reduce the burden of communicable and non-communicable diseases
- Strengthen health systems and infrastructure
- Enhance community participation and health education
- Foster partnerships and collaborations with other stakeholders

(c) Key Management

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

- County department of health: The county department of health oversees the planning, budgeting, monitoring and evaluation of health services in the county. It also provides technical support, supervision and guidance to the hospital and other health facilities in the county.
- Board of Management: The board of management is the governing body of the hospital. It consists of representatives from the county government, Ministry of Health, community, staff and other stakeholders. The board is responsible for setting policies, strategies, goals and objectives for the hospital. It also ensures accountability, transparency and good governance in the hospital's operations.
- Accounting Officer/ Medical Superintendent: The accounting officer/ medical superintendent is the head of the hospital. He/she is appointed by the county government and reports to the board of management. He/she is responsible for the overall management, administration and coordination of the hospital's activities. He/she also oversees the clinical, financial, human resource and logistical aspects of the hospital.
- Hospital Management: The management consists of heads of departments, units and sections in the hospital. They are responsible for planning, organizing, directing and controlling the functions and operations of their respective areas. They also ensure effective implementation of policies, standards, guidelines and protocols in their areas.
- Others: The hospital also has other key staff such as doctors, nurses, pharmacists, laboratory technicians, radiographers, physiotherapists, nutritionists, social workers, counsellors, records officers, accountants,

procurement officers, storekeepers, drivers, cleaners and security guards. They are responsible for providing quality health care services to the patients and clients in the hospital.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Samwel Ombati
2.	Accounting officer (Department of health)	Mr. Andrew Ongere Nyakundi
3.	Head of Accounting services	CPA Jemimah B Abuga
4.	Head of supply chain	Ms. Peres Nyakerario Mose
5.	Health Administrative officer	Mr. Abiud Babu
6.	Hospital accountant	Ms. Emily Mwebi
7.	Treasury Accountant	Mr. Joseph Ogweche
8.	Director internal audit	CPA Ann Nyanchama O'ngera

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i)The County Assembly

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212of the Constitution of Kenya 2010.

ii) The Controller of budget

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

iii) County Executive Committee

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

iv)Internal Audit Department

The internal Audit Department of the County Government of Nyamira ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee.

- (f) Masaba District Hospital Headquarters
P.O. 228-40200
Hospital Building
Keroka Highway
Nairobi, KENYA
- (g) Masaba District Hospital Contacts
Telephone: (+254) 0711583554
E-mail: medsuptmasaba@gmail.com
- (h) Masaba District Hospital Bankers
Kenya Commercial Bank – Keroka branch

- (i) Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

- (j) County Attorney
The County Attorney
Office of County Attorney
County Government of Nyamira
P.O. Box. 434-40500
Nyamira, Kenya



3.The Board of Management





Directors	Details
 <p>MR. JONES MOKO OMWENGA EXECUTIVE COMMITTEE MEMBER: FOR FINANCE, ICT AND ECONOMIC PLANNING</p>	<p><i>Academic Qualifications</i> He has a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p><i>Professional Experience</i> Prior to his appointment he has served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively in the County Government of Nyamira and Banking sector He hails from Itibo ward, Nyamira county.</p>
 <p>Dr. Donald Mogoi Executive Committee Member For Health Services</p>	<p><i>Academic Qualifications</i> Holds a Master of Science in Epidemiology, A postgraduate Diploma in Project Management and A bachelors in medicine and surgery.</p> <p><i>Professional Experience.</i> He has 19 years' experience in the public health sector, rising from a Medical Officer to a District Medical Officer, A County Director Health & Chief Officer Health services.</p>

 <p>PHILIP NYAMATO Chairman Hospital management Board</p>	<p>Academic Qualifications: Bachelor of Education</p> <p>Professional Qualification: Taught in various secondary schools. Became a principal until retirement</p>
 <p>IMELDAH K SIMBA Member Hospital management Board</p>	<p>Academic Qualifications: P1 teacher, A-level</p> <p>Professional Qualification: Worked as a teacher until retirement</p>
 <p>Dr. Atandi Samuel Ombati Member</p>	<p>Academic Qualifications A medical practitioner having trained at the Kharkov National Medical University Ukraine and graduated in the Year 2010.</p> <p>Professional Experience Worked as a medical intern at Mbagathi District Hospital and later on as a medical officer at Nyamira County Referral Hospital.</p>

<p>Hospital Management Board</p>	<p>Served as a medical Superintendent Nyamusi Sub County Hospital,2015- 2017 Nyamira County Referral Hospital 2017- 2020 Worked as SCMOH Manga -2020- present Currently Medsupt Masaba Sub County Hospital 2023-present</p>
<div data-bbox="164 683 576 1093" data-label="Image"> </div> <p>Dr Stella Omari Member Hospital management Board</p>	<p>Academic Qualifications: Bachelor of Education PHD professional Qualification: Currently Lecturer in Kisii University</p>
<p>Aogah Andrew Member Hospital management Board</p>	<p>Academic Qualifications: Bachelor of law-LLB professional Qualification: Works as a lawyer</p>
<p>Benard Mayaka Simwamu Member Hospital management Board</p>	<p>Academic Qualifications: Administration professional Qualification: Administrator</p>

4. Key Management Team

Management	Details
 <p>Dr. Atandi Samuel Ombati Member Hospital Management Board</p>	<p>Academic Qualifications A medical practitioner having trained at the Kharkov National Medical University Ukraine and graduated in the Year 2010.</p> <p>Professional Experience Worked as a medical intern at Mbagathi District Hospital and later on as a medical officer at Nyamira County Referral Hospital. Served as a medical Superintendent Nyamusi Sub County Hospital, 2015-2017 Nyamira County Referral Hospital 2017-2020 Worked as SCMOH Manga - 2020-present Currently Medsupt Masaba Sub County Hospital</p>
<p>Mr. Abiud Babu</p>  <p>Hospital administrator Secretary-Hospital management team</p>	<p>Academic Qualifications: Diploma in business administration</p> <p>Professional Qualifications: Works as a Hospital Administrator at Masaba District Hospital</p>
<p>Ms Emily Mwebi</p>	<p>Academic qualification</p>

 Hospital accountant Member-Hospital management team	Bachelor in finance and Accounting Professional Qualification: Works as An accountant at Masaba District Hospital
Mr Abner Frank  Hospital procurement officer Member-Hospital management team	Academic qualification: Diploma in supply chain management Professional qualification: Works as a procurement officer at Masaba district Hospital
Mr.George Onsongo  Hospital Nursing incharge officer Member-Hospital management team	Academic qualification: Bachelor of science in nursing Professional qualification: Works as Nursing Incharge in Masaba District Hospital
Mr. Isaac Ombati  Hospital Sonography Member-Hospital management team	Academic qualification: Radiography, Higher Diploma in ultrasound Professional qualification: Works sonography

5. Chairman's Statement

It is my pleasure to present to you the annual financial report of Masaba District Hospital for the year ended June 2025. This report reflects the performance, achievements and challenges of the Masaba District Hospital in delivering quality, affordable and accessible health care services to the community.

The year 2025 was a challenging but rewarding year for the Masaba District Hospital, as it faced the unprecedented impact of the Covid-19 pandemic. The Masaba District Hospital showed courage, adaptability and excellence in meeting the health needs of the population. Some of the notable achievements during the year include:

- The Masaba District Hospital received the Laboratory ISO 9001:2015 certification for quality management systems, becoming one of the few public hospitals in the country to attain this standard.
- The Masaba District Hospital upgraded its infrastructure and equipment, with the construction of a new maternity wing, accident and emergency/ theatre wing, modern mortuary and an incinerator. The Masaba District Hospital also procured laboratory machines, surgical instruments and medical supplies.
- The Masaba District Hospital enhanced its service delivery and patient satisfaction, with the adoption of digital health information system, a customer care desk and a feedback mechanism. The Masaba District Hospital also improved its waiting times, infection prevention and control measures and referral system.
- The Masaba District Hospital boosted its human resource capacity and capability, with the County posting new staff including doctors, nurses, pharmacists and allied health professionals. The Masaba District Hospital also offered training and development opportunities for its staff, such as workshops, seminars and mentorship programs.
- The Masaba District Hospital fostered its partnerships and collaborations with various stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups. The Masaba District Hospital received financial, technical and material support from these partners, as well as engaging in joint initiatives, such as outreach programs and advocacy campaigns.

The Masaba District Hospital also encountered some difficulties during the year, such as:

- The Covid-19 pandemic posed a major challenge to the health and safety of the staff and patients. The Masaba District Hospital had to cope with increased cases of Covid-19 infections, limited supplies of personal protective equipment (PPE), testing kits and vaccines, and psycho-social stress among the staff.
- The Masaba District Hospital faced some financial constraints due to reduced revenue collection, no disbursement of funds from the county government and increased operational costs. The Masaba District Hospital had to implement some cost-cutting measures, such as rationalizing expenditure, optimizing resource utilization and diversifying income sources.
- The Masaba District Hospital also had to adhere to the new health laws, standards and guidelines.

The Masaba District Hospital has a clear vision for the future and is determined to achieve its goals and objectives. Some of the plans for the next year include:

- Maintaining its quality of care and patient safety by implementing best practices, conducting audits and evaluations, obtaining accreditation from relevant bodies and addressing any gaps or weaknesses identified.
- Expanding its access and coverage by increasing its catchment area, establishing satellite clinics, mobilizing community health workers and volunteers and enhancing its outreach services.
- Promoting its innovation and research by embracing new technologies, developing new products and services, conducting evidence-based studies and disseminating findings and recommendations.
- The Masaba District Hospital will develop its human resource capacity and capability by attracting and retaining qualified staff, providing competitive incentives, creating conducive working environment and culture and fostering teamwork and collaboration.
- The Masaba District Hospital will strengthen its partnerships and collaborations by maintaining good relations with existing partners, identifying new potential partners, engaging in constructive dialogue and consultation and pursuing mutual benefits and interests.

In conclusion, I would like to express my sincere appreciation to all our stakeholders for their continued support and cooperation. I would also like to commend our staff for their commitment and professionalism. I would also like to thank my fellow board members for their guidance and oversight. Together, we can make Masaba District Hospital a center of excellence in health service delivery in the region.

Signed,

Mr. Philip Nyamato

Chairman
Board of Management
Masaba District Hospital

6. Report of the Medical Superintendent

I am delighted to share with you the annual report of Masaba District Hospital for the year 2025. This report highlights the achievements, challenges and plans of the Masaba District Hospital in providing quality, affordable and accessible health care services to the community.

The Masaba District Hospital enjoyed many rewards and overcame many challenges in the year 2025, as we demonstrated resilience, adaptability and excellence in responding to the Covid-19 pandemic. The hospital achieved several milestones during the year, such as:

- The Masaba District Hospital attained the Laboratory ISO 9001:2015 certification for quality management systems, becoming one of the few public hospitals in the country to achieve this standard. This certification reflects our commitment to quality and continuous improvement in our laboratory services.
- The Masaba District Hospital improved its infrastructure and equipment, with the completion of a new maternity wing, accident and emergency/ theatre wing, modern mortuary and an incinerator. The Masaba District hospital also acquired new laboratory machines, surgical instruments and medical supplies. These investments enhanced our capacity and capability to deliver a wide range of services to our patients.
- The Masaba District Hospital increased its service delivery and patient satisfaction, with the implementation of a digital health information system, a customer care desk and a feedback mechanism. The Masaba District Hospital also reduced its waiting times, improved its infection prevention and control measures and strengthened its referral system. These initiatives improved our efficiency and effectiveness in serving our patients.
- The Masaba District Hospital strengthened its human resource capacity and capability, with the County posting new staff including doctors, nurses, pharmacists and allied health professionals. The Masaba District Hospital also provided training and development opportunities for its staff, such as workshops, seminars and mentorship programs. These interventions enhanced our staff's skills, knowledge and motivation.
- The Masaba District Hospital consolidated its partnerships and collaborations with various stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups. The Masaba District Hospital received financial, technical and material support from these partners, as well as participated in joint initiatives, such as outreach programs and advocacy campaigns.

The Masaba District Hospital also faced some difficulties during the year, such as:

- The Covid-19 pandemic posed a major challenge to the health and safety of our staff and patients. The hospital had to cope with increased cases of Covid-19 infections, limited supplies of personal protective equipment (PPE), testing kits and vaccines, and psychosocial stress among our staff.
- The Masaba District Hospital managed its finances prudently despite lower revenue collection, delayed funds from the county government and higher operational costs. The Masaba District Hospital had to

implement some cost-cutting measures, such as rationalizing expenditure, optimizing resource utilization and diversifying income sources.

- The Masaba District Hospital complied with the new health laws, standards and guidelines.

The Masaba District Hospital has a clear vision for the future and is determined to achieve its goals and objectives. Some of the plans for the next year include:

- The Masaba District Hospital will maintain its quality of care and patient safety by implementing best practices, conducting audits and evaluations, obtaining accreditation from relevant bodies and addressing any gaps or weaknesses identified.

- The Masaba District Hospital will expand its access and coverage by increasing its catchment area, establishing satellite clinics, mobilizing community health workers and volunteers and enhancing its outreach services.

- The Masaba District hospital will promote its innovation and research by embracing new technologies, developing new products and services, conducting evidence-based studies and disseminating findings and recommendations.

- The Masaba District Hospital will develop its leadership and governance by strengthening its management structures, systems and processes, enhancing its accountability and transparency mechanisms and fostering a culture of teamwork and collaboration.

The Masaba District Hospital is grateful for the support and cooperation of all our stakeholders in achieving our mission and vision. We look forward to working together in the coming year to improve the health outcomes of our community.

Thank you.



Dr. Samwel Ombati
Medical Superintendent
Masaba District Hospital

7.Statement Of Performance Against Predetermined Objectives

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

Masaba District Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2025. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: To improve the quality of care and patient safety

Pillar/theme/issue 2: To enhance the access and coverage of health services

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: To improve the quality of care and patient safety	To ensure that the hospital provides high-quality, evidence-based and patient-centered health care services to the community	Number of patients who received quality care according to the national standards and guidelines	- Implementing best practices, conducting audits and evaluations, obtaining accreditation from relevant bodies and addressing any gaps or weaknesses identified	- The hospital attained the Laboratory ISO 9001:2015 certification for quality management systems, becoming one of the few public hospitals in the country to achieve this standard. The hospital also improved its

				infection prevention and control measures, reduced its waiting times and increased its patient satisfaction scores
Pillar/theme/issue 2: To enhance the access and coverage of health services	To ensure that the hospital reaches out to more people in need of health care services, especially the vulnerable and marginalized groups	- Number of people who accessed health services from the hospital or its satellite clinics	- Increasing the catchment area, establishing satellite clinics, mobilizing community health workers and volunteers and enhancing outreach services	- The hospital expanded its catchment area to include four more wards, established two satellite clinics in remote areas, mobilized 50 community health workers and volunteers and conducted 20 outreach programs in collaboration with partners

8. Corporate Governance Statement

Masaba District Hospital is committed to upholding the highest standards of corporate governance and ethical conduct in its operations and service delivery. The Masaba District Hospital recognizes that good governance is essential for achieving its mission and vision, enhancing its performance and accountability, and ensuring its sustainability and legitimacy.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Nyamira County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years' renewal subject to performance.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget. The full Board meets at least 4 times a year and the Chairperson has bi-weekly meetings/Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Masaba District Hospital's overall internal control, financial, operational and compliance framework.

b) Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the Masaba District Hospital. The Board agenda and work plan are prepared early in the year and adequate notice; agenda and Board papers are circulated within stipulated timelines. The Main Board held 4 meetings attended by selected members.

c) Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances the allowance is paid as per the government of Kenya allowance circulars.

d) Committees of the Board

The Board has five standing committees, which meet regularly under the terms of reference set by the Board. The standing committees as follows:

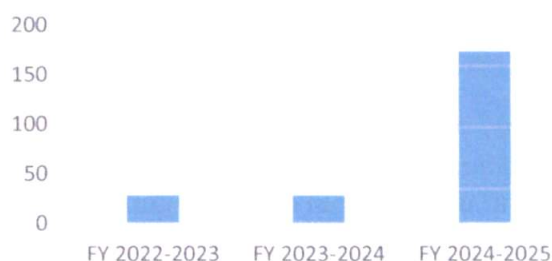
- Finance and General Purpose sub-committee
- Quality and assurance sub-committee
- Executive sub-committee
- special purpose sub-committee.

9. Management Discussion and Analysis

Clinical/operational performance

		FY 2024-2025	FY 2023-2024	FY 2022-2023
Bed capacity		173	28	28
Patient Attendance: Inpatient and Out- patient	OPD Visits	51,733	46,079	42,996
	IPD	1768	1,053	1,318
Specialized Clinics attendance		22,447	921	794
Average Length of Stay (In-patients) in Days		5 Days	5 Days	5 Days
Bed Occupancy rate		848.24%	644.88%	686.25
Mortality rate		1.2	1.0	0.8
Maternity (Total Deliveries)		906	652	721
Sponsorships and partnerships		Nuru ya mtoto	Nuru ya mtoto	Nuru ya mtoto
Revenue sources		- User fees - Insurance scheme	- User fees - Insurance scheme	- User fees - Insurance scheme
Utilization of funds		- 100% absorption rate	- 100% absorption rate	- 100% absorption rate

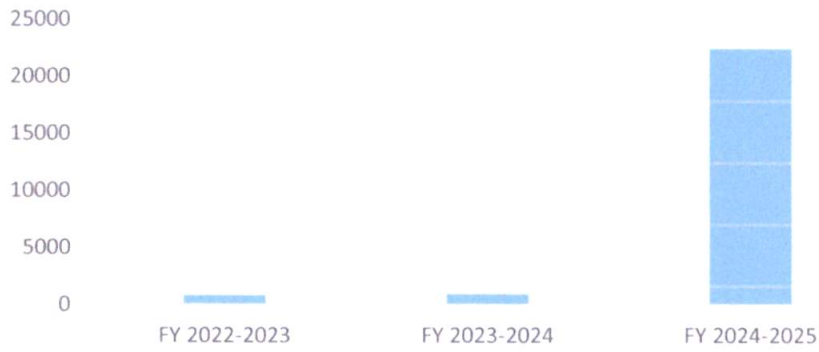
Bed Capacity



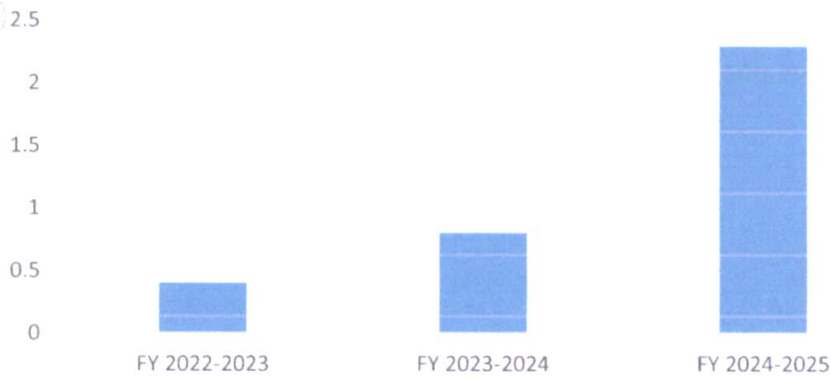
OPD & IPD UTILIZATION



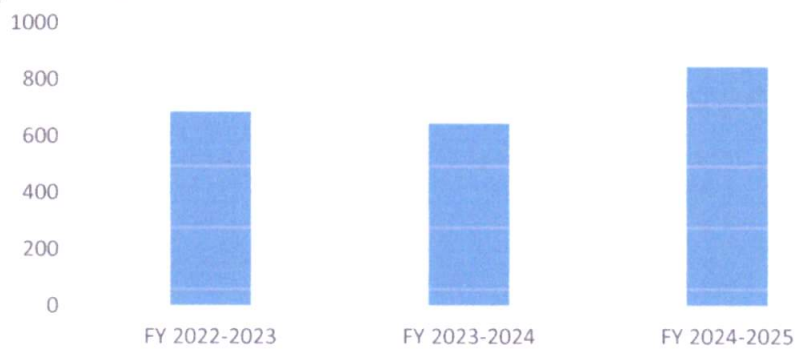
Special Clinics Utilization



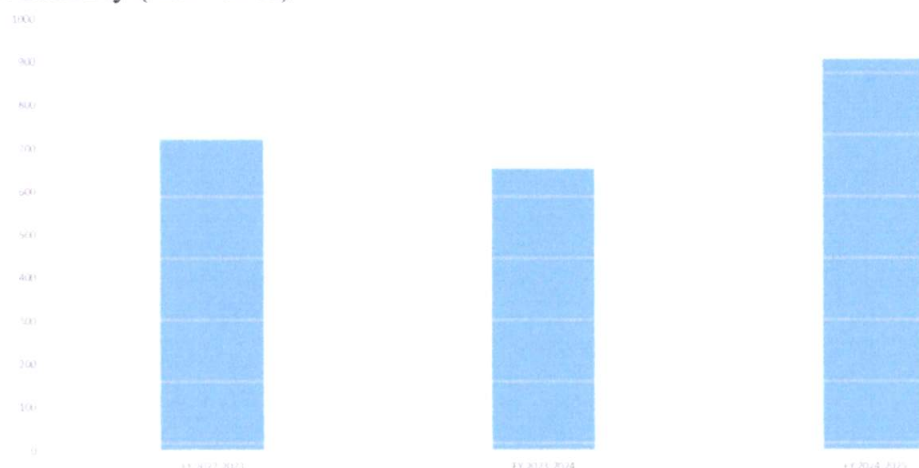
Average Length of Stay (ALOS)



Bed Occupancy



Maternity (Deliveries)



Financial performance

The Masaba District Hospital has 2 revenue streams, SHA and cash collection. The total collection was as follows:

REVENUE STREAM	KSHS
SHA	150,113,100
Cash	8,873,645
In kind contribution from the county government	5,030,154
Grants from donors and development partners	10,956,571
Total	174,973,470

Thank you.

Dr. Samwel Ombati
Medical Superintendent
Masaba District Hospital

10. Environmental and Sustainability Reporting

Masaba District Hospital is committed to transforming lives by delivering quality, affordable and accessible health care services to the community. The Masaba District Hospital also recognizes its responsibility to protect and conserve the environment, promote the welfare of its employees, uphold ethical market practices and engage with the society. This report outlines the Masaba District Hospital's policies and activities that promoted sustainability in the year 2025.

Sustainability Strategy and Profile

The Masaba District Hospital's sustainability strategy is guided by its vision, mission and values, as well as the national and county health policies and plans. The Masaba District Hospital also aligns its sustainability efforts with the United Nations Sustainable Development Goals (SDGs), especially SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

The Masaba District Hospital faces various challenges and opportunities in implementing its sustainability strategy, such as:

- The Covid-19 pandemic, which has increased the demand for health services, strained the resources and capacity of the hospital, and exposed the staff and patients to health and safety risks.
- The climate change, which has caused extreme weather events, such as floods and droughts that affect the availability of water, energy and food, as well as the spread of diseases.
- The population growth, which has increased the need for health services, especially for maternal, child and reproductive health, as well as the prevention and treatment of communicable and non-communicable diseases.
- The technological advancement, which has enabled the Masaba District Hospital to adopt new innovations, such as digital health information systems, laboratory machines, surgical instruments and renewable energy sources that improve the efficiency and effectiveness of service delivery.
- The stakeholder engagement, which has enhanced the collaboration and partnership of the hospital with various actors, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups.

Some of the key achievements of the hospital in its sustainability strategy in the year 2025 include:

- The Masaba District Hospital attained the Laboratory ISO 9001:2015 certification for quality management systems, becoming one of the few public hospitals in the country to achieve this standard. This certification reflects the hospital's commitment to quality and continuous improvement in its laboratory services.
- The Masaba District Hospital improved its infrastructure and equipment, with the completion of a new maternity wing, accident and emergency/ theatre wing, modern mortuary and an incinerator. The Masaba District Hospital also acquired new laboratory machines, surgical instruments and medical supplies. These investments enhanced the hospital's capacity and capability to deliver a wide range of services to its patients.
- The Masaba District Hospital increased its service delivery and patient satisfaction, with the implementation of a digital health information system, a customer care desk and a feedback mechanism.

The Masaba District Hospital also reduced its waiting times, improved its infection prevention and control measures and strengthened its referral system. These initiatives improved the Masaba District Hospital's efficiency and effectiveness in serving its patients.

- The Masaba District Hospital strengthened its human resource capacity and capability, with the County posting new staff including doctors, nurses, pharmacists and allied health professionals. The Masaba District Hospital also provided training and development opportunities for its staff, such as workshops, seminars and mentorship programs. These interventions enhanced the staff's skills, knowledge and motivation.
- The Masaba District Hospital consolidated its partnerships and collaborations with various stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations and community groups. The Masaba District Hospital received financial, technical and material support from these partners, as well as participated in joint initiatives, such as outreach programs and advocacy campaigns.

Some of the areas that need improvement in the hospital's sustainability strategy include:

- The Covid-19 pandemic response, which requires more resources and capacity to cope with increased cases of Covid-19 infections, limited supplies of personal protective equipment (PPE), testing kits and vaccines, and psychosocial stress among staff.
- The environmental management, which requires more efforts to reduce the environmental impact of the hospital's operations and products, such as waste management, energy efficiency and carbon footprint reduction.
- The market practices, which require more compliance with ethical standards and regulations in areas such as responsible competition, supply chain management, marketing and advertisement, product stewardship and consumer rights.

The Masaba District Hospital has a clear vision for the future and is determined to achieve its sustainability goals and objectives. Some of the plans for the next year include:

- The Masaba District Hospital will maintain its quality of care and patient safety by implementing best practices, conducting audits and evaluations, obtaining accreditation from relevant bodies and addressing any gaps or weaknesses identified.
- The Masaba District Hospital will expand its access and coverage by increasing its catchment area, establishing satellite clinics, mobilizing community health workers and volunteers and its outreach services.
- The Masaba District Hospital will promote its innovation and research by embracing new technologies, developing new products and services, conducting evidence-based studies and disseminating findings and recommendations.
- The Masaba District Hospital will develop its leadership and governance by strengthening its management structures, systems and processes, enhancing its accountability and transparency mechanisms and fostering a culture of teamwork and collaboration.
- The Masaba District Hospital will improve its environmental performance by implementing a waste management policy, installing solar panels and biogas digesters, conducting an environmental audit and reducing its carbon footprint.

- The Masaba District hospital will uphold its market practices by complying with the relevant laws, standards and guidelines, ensuring responsible competition, supply chain management, marketing and advertisement, product stewardship and consumer rights.

Environmental Performance

The Masaba District Hospital has an environmental policy that guides its operations and products in relation to the environment. The policy states the hospital's commitment to:

- Comply with the applicable environmental laws, regulations, standards and policies.
- Prevent and minimize the environmental impact of its operations and products, such as waste generation, energy consumption, water usage and greenhouse gas emissions.
- Conserve and protect the natural resources and biodiversity in its surroundings.
- Promote environmental awareness and education among its staff, patients and stakeholders.
- Continuously monitor, evaluate and improve its environmental performance.

The Masaba District Hospital has achieved some successes in its environmental performance, such as:

- Receiving the Laboratory ISO 9001:2015 certification for quality management systems, which includes environmental aspects such as waste management, energy efficiency and pollution prevention.
- Improving its infrastructure and equipment, with the construction of a new maternity wing, accident and emergency/ theatre wing, modern mortuary and an incinerator. The new facilities have improved ventilation, lighting and sanitation systems that reduce energy consumption and waste generation. The incinerator has a scrubber system that reduces air pollution from burning medical waste.
- The Masaba District Hospital plans to install solar panels on the roof of the main building, which will provide renewable energy for lighting and heating. It also plans to install biogas digesters that will convert organic waste into biogas for cooking. These initiatives will reduce its dependence on grid electricity and fossil fuels.
- It conducted an environmental audit in collaboration with the National Environment Management Authority (NEMA), which assessed the Masaba District Hospital's compliance with the environmental laws and regulations, as well as identified areas for improvement.

The Masaba District Hospital also faced some shortcomings in its environmental performance, such as:

- It generated a large amount of waste from its operations and products, such as medical waste, plastic waste, paper waste and food waste. It did not have a comprehensive waste management policy or system that would ensure proper segregation, collection, transportation, treatment and disposal of waste. It also did not have a recycling or reuse program that would reduce waste generation and save costs.
- It consumed a lot of energy from grid electricity and fossil fuels for its operations and products, such as lighting, heating, cooling, refrigeration, laboratory machines and surgical instruments. It did not have an energy efficiency policy or system that would monitor and reduce energy consumption and costs. It also did not have an energy audit or a carbon footprint assessment that would measure and mitigate its greenhouse gas emissions and climate impact.

The Masaba District Hospital is committed to improving its environmental performance by implementing the following actions:

- To develop and implement a waste management policy that will outline the roles and responsibilities of staff, patients and stakeholders in relation to waste management. The policy will also provide guidelines on how to segregate, collect, transport, treat and dispose of waste according to the type and category of waste. The policy will also encourage recycling or reuse of waste where possible.
- To install biogas digesters that will convert organic waste into biogas for cooking. This will reduce the amount of waste sent to the incinerator or landfill, as well as reduce the use of fossil fuels for cooking.
- To conduct an energy audit that will measure the energy consumption and costs of the Masaba District Hospital's operations and products. The audit will also identify areas where energy efficiency can be improved or alternative sources of energy can be used. The audit will also assess the carbon footprint and climate impact of the hospital's operations and products.
- To implement energy efficiency measures that will reduce the energy consumption and costs of its operations and products. These measures may include replacing old or inefficient appliances with new or efficient ones, installing energy-saving devices such as LED bulbs or motion sensors, adjusting thermostats or timers to optimize heating or cooling levels, switching off appliances when not in use or during off-peak hours, etc.
- To reduce its carbon footprint and climate impact by using renewable sources of energy such as solar panels or biogas digesters, offsetting its emissions through carbon credits or tree planting, and participating in climate action initiatives such as awareness campaigns or advocacy programs.

Employee Welfare

The Masaba District Hospital values its employees as its most important asset and strives to provide them with a conducive work environment, fair compensation, career development opportunities, health and safety protection.

The Masaba District Hospital has the following policies and practices that guide its employee welfare:

The hospital provides training and development opportunities to its staff, such as workshops, seminars, mentorship programs, online courses. The hospital also supports its staff to pursue further education or specialization in their fields of interest. The hospital allocates 2% of its annual budget for staff training and development.

The hospital conducts regular performance appraisal and feedback for its staff, using a balanced scorecard system that measures the staff's achievements against their set targets and objectives. The hospital also rewards its staff for their outstanding performance, such as recognition awards, certificates, plaques and incentives.

The hospital ensures the health and safety of its staff by complying with the Occupational Safety and Health Act of 2007 (OSHA), which sets the standards and guidelines for workplace safety and health. The hospital also provides personal protective equipment (PPE), testing kits and vaccines to its staff who are exposed to health risks, such as Covid-19 infections. The hospital also offers psychosocial support and counselling services to its staff who experience stress or trauma in their work.

The hospital fosters a positive work culture and environment by promoting teamwork, collaboration, communication, respect, integrity and professionalism among its staff. The hospital also encourages its staff to participate in social activities, such as sports, clubs, events and celebrations.

Market Place Practices

The Masaba District Hospital adheres to ethical market practices that ensure fair competition, responsible supply chain management, responsible marketing and advertisement, product stewardship and consumer rights.

The hospital has the following policies and practices that guide its market place practices:

The hospital ensures responsible competition practices by complying with the relevant laws, regulations and standards that govern the health sector, such as the Health Act, 2017, the Public Procurement and Asset Disposal Act, 2015, and the Competition Act, 2010. The hospital also respects the rights and interests of its competitors and avoids any unfair or deceptive practices, such as collusion, price-fixing, bid-rigging or market abuse.

The hospital maintains good business practices and treats its suppliers responsibly by following a transparent and competitive procurement process that ensures value for money, quality and timeliness of goods and services. The hospital also honours its contracts and respects the payment terms and conditions of its suppliers. The hospital also encourages its suppliers to adopt sustainable and ethical practices in their operations and products, such as environmental management, social responsibility and human rights.

The hospital conducts responsible marketing and advertisement by providing accurate, truthful and relevant information about its services and products to its potential and existing customers. The hospital also respects the privacy and confidentiality of its customers and does not disclose or misuse their personal data. The hospital also avoids any misleading or offensive marketing or advertisement that may harm the reputation or dignity of the hospital or its customers.

The hospital ensures product stewardship by delivering safe, effective and quality health care services and products to its customers. The hospital also monitors and evaluates the performance and impact of its services and products on the health outcomes of its customers. The hospital also solicits and responds to the feedback and complaints of its customers and strives to improve their satisfaction and loyalty.

The hospital safeguards consumer rights and interests by complying with the Consumer Protection Act, 2012, which sets out the rights and obligations of consumers and providers of goods and services. The hospital also educates its customers about their rights and responsibilities as consumers of health care services and products. The hospital also provides a mechanism for resolving any disputes or grievances that may arise between the hospital and its customers.

Corporate Social Responsibility / Community Engagement

The hospital is committed to contributing to the social welfare and development of the community in which it operates. The hospital also recognizes its role as a corporate citizen and a partner in achieving the national and county development goals and priorities.

The hospital has the following policies and practices that guide its corporate social responsibility / community engagement:

The hospital follows a stakeholder engagement policy that identifies and prioritizes its key stakeholders, such as the county government, the Ministry of Health, development partners, academic institutions, civil society organizations, community groups and media. The policy also defines the objectives, methods and frequency of engagement with each stakeholder group. The policy also ensures that the hospital communicates effectively, transparently and respectfully with its stakeholders and solicits and responds to their feedback and concerns.

The hospital conducts various corporate social responsibility / community engagement activities that address the needs and interests of the community, such as:

Charitable giving: The hospital donates cash and material to support various causes and initiatives in the community, such as education, health, environment, sports, culture and disaster relief. The hospital allocates 1% of its annual revenue for charitable giving.

Corporate social investment: The hospital invests in projects and programs that create long-term social value and impact in the community, such as health promotion, disease prevention, capacity building, infrastructure development and research. The hospital allocates 2% of its annual profit for corporate social investment.

Other forms of community engagement: The hospital participates in other forms of community engagement, such as volunteering, mentoring, sponsoring, partnering and advocating. The hospital encourages its staff to volunteer their time and skills to support various community activities and events. The hospital also mentors and sponsors young people from the community who aspire to pursue careers in health or related fields. The hospital also partners with other organizations and groups to implement joint initiatives that benefit the community. The hospital also advocates for issues that affect the health and well-being of the community, such as access to health care, quality of care, health financing, health policy and health rights.

11. Report of the Board of Management

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

Principal activities

The principal activities of Masaba District hospital is provision of health care services to the general public.

Results

The results of the Masaba District Hospital for the year ended June 30 2025 are set out on page 1-5

Board of Management

The members of the Board who served during the year are shown on page vi-viii

Auditors

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

By Order of the Board



Dr. Samwel Ombati
Medical Superintendent
Masaba District Hospital

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 Hospital, which give a true and fair view of the state of affairs of the Masaba District Hospital at the end of the financial year/period and the operating results of the *hospital* for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the *hospital*. The council members are also responsible for safeguarding the assets of the hospital.

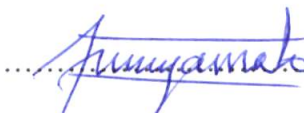
The Board of Management is responsible for the preparation and presentation of the Masaba District Hospital financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year ended June 30, 2025. This responsibility includes: (i) 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 *hospital* (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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


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

Approval of the financial statements

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

.....

Name: Philip Nyamato Obwaya
Chairperson
Board of Management

.....

Name: Dr Samwel Ombati
Medical Superintendent

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MASABA DISTRICT HOSPITAL - LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NYAMIRA

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 Masaba Level 4 Sub-County Hospital - Nyamira County set out on pages 1 to 38, which comprise of the statement of

Report of the Auditor-General on Masaba District Hospital Level 4 Hospital for the year ended 30 June, 2025 – County Government of Nyamira

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

In my opinion, except for the effects 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 Masaba Level 4 Sub-County Hospital - Nyamira County 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 Government Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects inaccuracies noted below.

- i. The statement shows total current assets of Kshs.80,750,649 while the re-casted total is Kshs.80,761,217.
- ii. The statement reflects total assets of Kshs.611,218,110 while the re-casted total is Kshs.611,228,678.
- iii. The statement shows net assets of Kshs.606,969,454 while the re-casted total is Kshs.606,980,022.
- iv. The statement shows comparative accumulated surplus debit balance of Kshs.114,198,118 while the audited financial statements for 2023/2024 shows a balance of Kshs.51,151,747.
- v. The statement shows comparative net assets balance of Kshs.567,435,382 while the audited financial statements for 2023/2024 shows a balance of Kshs. 583,603,677.

Further, the statement of comparison of budget and actual amounts reflects budgeted and actual expenditure amounts of Kshs.53,900,000 and kshs.51,997,815, respectively. However, the amounts ought not to be included in the statement which is prepared on cash basis while the depreciation is a provision.

In the circumstances, the accuracy of the financial statements could not be determined.

2. Inaccuracies in Contribution from County Government

The statement of financial performance and Note 6 to the financial statements reflects in-kind contribution from the County Government of Kshs.5,030,154. However, Management did not include salaries paid by the County Government on behalf of its employees. Further, the supporting records for the salaries paid in-kind including schedules and payrolls were not provided for audit verification.

In the circumstances, the accuracy and completeness of in-kind contribution amount of Kshs.5,030,154 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Masaba District Level 4 Hospital - Nyamira County Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.139,216,590 against actual receipts of Kshs.174,973,470 resulting in an under-absorption of Kshs.35,756,880 or 20 % of the actual receipts.

The under-absorption affected the implementation of the planned activities and programs and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not included the issues under the progress on follow up of Auditor Recommendations or explained the failure to resolve the issues. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the Other Information set out on page iii to xxviii which comprise of Key Entity Information and Management, the Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of Board of Management's

Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

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 effects 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. Presentation and Disclosure of Financial Statements

Review of annual report and financial statements revealed that Management was not compliant with Section 164 (3) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time. The issues listed below were noted.

- i. The table of content indicates Chairman's statement is on page xii instead of page xi.
- ii. Environmental and Sustainability Reporting is indicated as being on page xxii instead of xxi.
- iii. Report of the Independent Auditor (Office of the Auditor General) is indicated as being on page xxix instead of xxix.
- iv. The Appendices are indicated as Note 19 instead of Note 29.

In the circumstances, the financial statements were not compliant with the format prescribed in the Annual Financial Reporting Template issued by the Public Sector Accounting Standards Board.

2. Non - Compliance with Requirements of Universal Health Coverage

Review of Hospital records and interviews revealed that the Hospital had two (2) medical officers against the required six-teen (16), fifty (50) Kenya registered community health nurses against the required seventy-five (75), one (1) paediatricians against the required two (2), no gynaecologist, radiologist, general surgeons and Radiologists against the

required two (2) for each position. Further, the Hospital lacked advanced life support, surgical, renal dialysis, functional intensive care unit beds, high dependency unit beds and dialysis machines required for a level 4 Hospital.

In addition, the Hospital had a bed capacity of thirty-four (34) against the required one hundred and fifty (150). These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

3. Unremitted NITA Payments

The statement of financial performance and Note 10 to the financial statements reflect employee cost of Kshs.4,442,600. During the year, the entity did not remit NITA levy totalling to Kshs.15,950 contrary to National Industrial Training Act (NITA) section 5(Cap 237) which requires employer to pay the training levy to the Commissioner- General annually at a monthly rate of KShs.50 per employee including casual employees

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

4. Non-Remittance of Affordable Housing Levy

The statement of financial performance and Note 10 to the financial statements reflect employee cost of Kshs.4,442,600. Review of records revealed that the facility did not remit the levy for its employees as per the requirements of Finance Act 2023 which requires all employees irrespective of their contract of service to pay the affordable housing levy to Kenya Revenue Authority through their employer.

No explanation was provided for non-remittance.

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

4. Non-Compliance with Persons with Disability Act

Review of the muster roll and personnel records revealed that the Hospital had 30 casual employees on contractual terms but none was a person with disability contrary to Section 21(1)(2) of Persons with Disability Act 2025, which emphasis on the need for every employer to reserve at least five per cent of employment opportunities for persons with disabilities.

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

5. Non-Remittance of NSSF Employer Contribution

The statement of financial performance and Note 10 to the financial statements reflect employee cost amount of Kshs.4,442,600. Review of payment records revealed that the Hospital did not remitted employer contribution to NSSF totalling to Kshs.251,400 contrary to Section 20(1) of the NSSF Act of 2013.

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

6. Failure to Comply with Work Injury Benefit Act (WIBA), 2007

Review of records and interview to the management revealed that the Hospital did not secure WIBA Insurance for the employees contrary to Section 7 of Work Injury Benefit Act 2007 which provides that every employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees.

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

7. Non-Remittance of SHA

The statement of financial performance and Note 10 to the financial statements reflects employee cost amount of Kshs.4,442,600. Review of payment details revealed that the Hospital failed to remit NHIF/SHA for ten (10) months totalling to Kshs.115,704. This is contrary to Section 48(1) of social Insurance Act 2023 which states that any person who fails without lawful reason to pay social health insurance fund within the period prescribed by the Act any contribution, he or she is liable as a contributing employer to pay under the Act commits an offence.

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

8. Irregular Transfer of Facility Improvement Funds

The statement of financial performance reflects general expenses of Kshs.20,381,902 which includes transfer of facility improvement funds to county government of Kshs.2,125,885 as disclosed in Note 13 to the financial statements. The payment was made in contravention of section 5 (1) of the Facility Improvement Financing Act No. 14 of 2023 which requires level 1 to 5 facilities to retain all the monies raised.

Management was in breach of the law, and the facility may have been deprived of critical resources necessary for its operational and service delivery.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Report of the Auditor-General on Masaba District Hospital Level 4 Hospital for the year ended 30 June, 2025 – County Government of Nyamira

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

Incomplete Non-Current Assets Register

The statement of financial position and Note 20 to the financial statement reflects property, plant, and equipment balance of Kshs.530,467,461. However, management did not maintain an updated asset register in the prescribed format to support the balance in the financial statements. The asset register provided was incomplete and did not include details such as asset value, date of acquisition, acquisition cost, accumulated depreciation, current depreciation, net book value, tag number, supplier's name and the officer responsible for each asset. In addition, physical verification of the assets revealed that they were not tagged to confirm the ownership by the Hospital.

In the circumstances, the effectiveness of controls over inventories could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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

Description	Note	2024-2025	2023-2024
		FY Kshs	FY Kshs
Revenue from non-exchange transactions			
Transfers from the County Government		0	2,711,000
In- kind contributions from the County Government	6	5,030,154	1,343,734
Grants from donors and development partners	7	10,956,571	21,447,405
		15,986,725	25,502,139
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	158,986,745	14,447,081
Revenue from exchange transactions		158,986,745	14,447,081
Total revenue		174,973,470	39,949,220
Expenses			
Medical/Clinical costs	9	38,727,098	3,842,722
Employee costs	10	4,442,600	6,025,431
Board of Management Expenses	11	390,000	242,500
Repairs and maintenance	12	7,290,450	341,617
General expenses	13	20,381,902	6,225,893
Grants and subsidies	14	15,986,725	22,791,139
Depreciation and amortization expense	15	51,997,815	55,631,665
Total expenses		139,216,590	95,100,967
Net Surplus/Deficit for the year		35,756,880	(55,151,747)

The notes set out on pages 7 to 37 form an integral part of the financial statements.

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

.....
 Mr. Philip Nyamato Obwaya
Chairman
Board of Management

.....
 CPA Jemima B Abuga
Head of Accounting services
ICPAK No:12842

.....
 Dr. Samwel Ombati
Medical Superintendent

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

Description	Note	2024-2025	2023-2024
		FY	FY
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	15,784,711	3,834,422
Receivables from exchange transactions	17	60,313,969	1,957,000
Inventories	18	864,209	14,614,608
prepayment	19	10,568	
Total Current Assets		76,973,457	20,406,030
Non-current Assets			
Property, plant, and equipment	20	530,467,461	563,197,647
Total Non-current Assets			563,197,647
Total Assets(A)		607,440,918	583,603,677
Liabilities			
Current liabilities			
Trade and other payables	21	4,248,656	12,168,295
Total Current Liabilities		4,248,656	12,168,295
Non-current liabilities			
Total non-current liabilities		0	0
Total Liabilities (B)		4,248,656	12,168,295
Net assets (A-B)		603,192,262	571,435,382
Represented by:			
Accumulated surplus/Deficit		(78,441,238)	(114,198,118)
Capital Fund		681,633,500	681,633,500
Net Assets		603,192,262	567,435,382

(The notes set out on pages 7 to 37 form an integral part of the Annual Financial Statements.)

.....
Mr. Philip Nyamato Obwaya

Chairman
Board of Management

.....
CPA Jemima B. Abuga

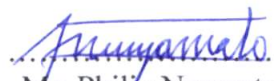
Head of Accounting
services
ICPAK No:12842


.....
Dr. Samwel Ombati


Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	(59,046,371)	681,633,500	681,633,500
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(55,151,747)	-	(55,151,747)
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	(114,198,118)	681,633,500	567,435,382
At July 1, 2024		(114,198,118)	681,633,500	567,435,382
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	35,756,880		35,756,880
Capital/Development grants	-	-	-	-
At June 30, 2025	-	(78,441,238)	681,633,500	603,192,262

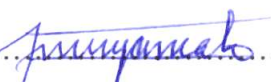

 Mr. Philip Nyamato
 Obwaya
Chairman
Board of Management


 CPA Jemima B. Abuga
Head of Accounting services
ICPAK No:12842


 Dr. Samwel Ombati
Medical Superintendent

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

Description	Note	2024-2025	2023-2024
		FY	FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	2,711,000
Grants from donors and development partners		15,986,725	22,791,139
Rendering of services- Medical Service Income		98,672,776	14,447,081
Total Receipts		114,659,501	39,949,220
Payments			
Medical/Clinical costs		35,032,524	3,842,722
Employee costs		4,449,082	6,025,431
Board of Management Expenses		390,000	242,500
Repairs and maintenance		7,290,450	341,617
General expenses		20,292,802	6,225,893
Grants and subsidies		15,986,725	22,791,139
Total Payments		83,441,583	39,469,302
Net cashflows from operating activities		31,217,918	479,918
Cash flows from investing activities			
Purchase of property, plant, equipment		(19,267,629)	0
Net cash flows used in investing activities		(19,267,629)	0
Net increase/(decrease)in cash and cash equivalents		11,950,289	3,834,422
Cash and cash equivalents as at 1 July 2024		3,834,422	3,751,539
Cash and cash equivalents as at 30 June 2025		15,784,711	3,834,422



Mr. Philip Nyamato
Obwaya

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Board of Management




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Head of Accounting
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Dr. Samwel Ombati
Medical Superintendent

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	0	0	0	0	0	0
Receipts						
Grants from donors and development partners	15,000,000	6,000,000	21,000,000	15,986,725	5,01	76%
Rendering of services- Medical Service Income	120,000,000	39,000,000	159,000,000	158,986,745	13,255	99.99%
Total receipts	135,000,000	45,000,000	180,000,000	174,973,470	5,026,530	97.21%
Payments						
Medical/Clinical costs	57,000,000	12,369,361	69,369,361	38,727,098	30,642,263	56%
Employee costs	4,000,000	1,800,000	5,800,000	4,442,600	1,357,400	77%
Remuneration of directors	500,000	100,000	600,000	390,000	210,000	65%
Repairs and maintenance	18,000,000	9,730,639	27,730,639	7,290,450	20,440,189	26%
Grants and subsidies	10,500,000	10,500,000	21,000,000	15,986,725	5,013,275	76%
General expenses	45,000,000	10,500,000	55,500,000	20,381,902	35,118,098	37%
Total payments	135,000,000	45,000,000	180,000,000	87,218,775	92,781,225	48%
Surplus for the period	0	0	0	87,754,695	(87,754,695)	


Mr. Philip Nyamato Obwaya
Chairman
Board of Management


CPA Jemima B. Abuga
Head of Accounting services
ICPAK No:12842


Dr. Samwel Ombati
Medical Superintendent

Explanation for material variances of Budget versus actual:

a) Grants from donors and development partners and in kind contributions-The facility received less donations from donors and county government due to reduced allocations hence led to reduced costs.

b) General expenses, medical clinical costs, repairs and maintenance-the facility spent less from the allocated target due to some services like paed, amenity, orthopaedics, caesarean procedures (which came later) hence led to reduced activity.

c) Employee costs-the facility anticipated to get cleaning services which could have led to more costs hence reduced costs.

d) Changes between original and final budget -the original budget was revised upward because of increased anticipated activity at the hospital due to opening of various services which were not previously there like paed ward, caesarian section, orthopaedics.

19. Notes to the Financial Statements

1. General Information

Masaba District Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Nyamira County Government and is domiciled in Nyamira County in Kenya. The entity's principal activity is preventive, curative and diagnostic services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>Not relevant to the Hospital's business.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>Not relevant to the Hospital's business.</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>Not relevant to the Hospital's business.</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.

iii) Early adoption of standards

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

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 *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.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on *25th August 2025* Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Hospital did not* record additional appropriations on the FY 2024-2025 budget following the Board's approval. The *Masaba District 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 actual as per the statement of financial performance has been presented on page **5** under section **18** of these financial statements.

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 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

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 cash flows 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.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements (Continued)

6. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	5,030,154	1,343,734
Total grants in kind	5,030,154	1,343,734

7. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Grants from donors and development partners	10,956,571	21,447,405
Total grants from development partners	10,956,571	21,447,405

8. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Pharmaceuticals	984,587	909,868
Laboratory	2,533,375	2,663,450
Radiology	1,494,100	2,262,900
Accident and Emergency Service	28000	2,500
Dental services	165,700	116,100
Sha services	150,113,100	4,751,101
Other medical services income	3,667,883	3,741,162
Total revenue from the rendering of services	158,986,745	14,447,081

(Other medical services fee relates to other charges not listed above and include, outpatient, inpatient, plaster)

Notes to Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Dental costs/ materials	57,000	75,000
Laboratory chemicals and reagents	6,673,741	805,000
Food and Ration	3,013,460	1,267,885
Dressing and Non-Pharmaceuticals	8,261,255	764,550
Pharmaceutical supplies	10,726,337	609,366
Sanitary and cleaning Materials	8,654,505	172,921
X-Ray/Radiology supplies	1,340,800	148,000
Total medical/ clinical costs	38,727,098	3,842,722

10. Employee Costs

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Salaries, wages, and allowances-casuals	4,442,600	6,025,431
Employee costs	4,442,600	6,025,431

11. Board of Management Expenses

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Sitting allowance	390,000	242,500
Total	390,000	242,500

12. Repairs And Maintenance

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Property- Buildings	5,919,000	125,000
Medical equipment	645,200	80,800
Maintenance of computers	233,000	
Motor vehicle expenses	493,250	135,817
Total repairs and maintenance	7,290,450	341,617

Notes to Financial Statements (Continued)

13. General Expenses

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Bank charges	127,178	10,977
Contracted services	1,217,700	900,900
Electricity expenses	1,052,000	99,000
Travel and accommodation allowance	1,240,000	30,000
Electricity bill	1,201,628	1,918,823
Courier and postal services	0	9,450
Printing and stationery	2,213,400	294,000
Fuel for production	888,000	71,000
Fuel for transport	2,726,400	375,000
Water and sewerage costs	310,000	0
Computer ICT networking	1,838,000	0
Telephone and mobile phone services	104,000	71,000
Chemical and industrial gases	166,700	84,900
Catering services	1,358,611	297,000
Maintenance of computers	0	86,000
Purchase of bedding and linen	3,662,400	0
Purchase of tyres	150,000	0
Purchase of computers and printers	0	60,000
Transfer to county governments	2,125,885	1,917,843
Total General Expenses	20,381,902	6,225,893

14. Grants And Subsidies

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Grants and subsidies	15,986,725	22,791,148
Total grants and subsidies	15,986,725	22,791,148

Notes to Financial Statements (Continued)

15. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Land	0	0
Buildings and civil works	10,152,480	10,368,000
Motor vehicles	843,750	1,125,000
Furniture, fittings and office equipment	624,258	273,438
ICT Equipment	1,228,800	210,000
Plant and medical equipment	39,148,527	43,655,227
Total depreciation and amortization	51,997,815	55,631,665

16. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Current accounts	15,784,711	3,834,422
Total cash and cash equivalents	15,784,711	3,834,422

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

Description	Account number	2024-2025	2023-2024
		FY	FY
		KShs	KShs
a) Current account		0	
Kenya Commercial bank	1152777661	2,972,469	1,927,698
Kenya Commercial bank	1102219754	8,748,029	1,906,724
Kenya Commercial bank	1331462770	4,064,213	0
Grand total		15,784,711	3,834,422

17. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Medical services receivables	60,313,969	1,957,000
Total receivables	60,313,969	1,957,000

Notes to Financial Statements (Continued)

18. Inventories

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Pharmaceutical supplies	864,209	14,614,608
Total	864,209	14,614,608

19. Prepayments

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Statutory deduction-SHA	10,568	0
Total	10,568	0

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Notes to the Financial Statements (Continued)

20. 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
Cost								
At 1 July 2023	3,000,000	259,200,000	4,500,000	2,187,500	700,000	349,241,812	0	618,829,312
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	(-)
At 30th Jun 2024	3,000,000	259,200,000	4,500,000	2,187,500	700,000	349,241,812	0	618,829,312
At 1 July 2024	3,000,000	248,832,000	3,375,000	1,914,062	490,000	305,586,585		563,197,647
Additions	-	4,980,000	-	3,080,000	3,606,000	7,601,629		19,267,629
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2025	3,000,000	253,812,000	3,375,000	4,994,062	4,096,000	313,188,214		582,465,276
Depreciation and impairment								
At 1 July 2023	3,000,000	259,200,000	4,500,000	2,187,500	700,000	349,241,812	0	618,829,312
Depreciation for the year	-	10,368,000	1,125,000	273,438	210,000	43,655,227		55,631,665
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	-	-]	-	-	-	-	-
At 30th June 2024	3,000,000	248,832,000	3,375,000	1,914,062	490,000	305,586,585		563,197,647

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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
At 1 July 2024	3,000,000	253,812,000	3,375,000	4,994,062	4,096,000	313,188,214		582,465,276
Depreciation for the year	-	10,152,480	843,750	624,258	1,228,800	39,148,527		51,997,815
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	-	-	-	-	-	-		-
At 30th June 2025	3,000,000	243,659,520	2,531,250	4,369,804	2,867,200	274,039,685		530,467,461
Net book values								
At 30 th June 2024	3,000,000	248,832,000	3,375,000	1,914,062	490,000	305,586,585	0	563,197,647
At 30 th June 2025	3,000,000	243,659,520	2,531,250	4,369,804	2,867,200	274,039,685		530,467,461

Notes to the Financial Statements (Continued)

21. Trade and other Payables

Description	2024-2025 FY		2023-2024 FY	
	KShs		KShs	
Trade payables	3,783,674		11,060,395	
Employee dues	464,982		1,107,900	
Total trade and other payables	4,248,656		12,168,295	
Ageing analysis:	2024-2025 FY	% of the Total	2023-2024 FY	% of the total
Under one year	4,248,656	100%	5,380,615	44.22%
1-2 years	0		829,218	6.81%
Over 3 years	0		5,958,462	48.97%
Total	4,248,656	100%	12,168,295	100%

22. Cash Generated from Operations

Description	2024-2025 FY		2023-2024 FY	
	KShs		KShs	
Surplus for the year before tax	35,756,880		(55,151,747)	
Adjusted for:				
Depreciation	51,997,815		55,631,665	
Working Capital adjustments				
Decrease/increase in inventory	13,750,399		(7,956,926)	
Increase/Decrease in receivables	(58,356,969)		1,236,198	
Decrease/Increase in payables	(7,919,639)		2,323,693	
Net cash flow from operating activities	35,228,486		(3,917,117)	

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

Notes to the Financial Statements (Continued)

23. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	1,957,000	1,957,000	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	3,834,422	0	0	0
Total	5,791,422	1,957,000	0	0
At 30 June 2025				
Receivables from exchange transactions	60,313,969	60,313,969	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	15,784,711	0	0	0
Total	76,098,680	60,313,969	0	0

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	5,380,615	6,787,680	12,168,295
Total	0	5,380,615	6,787,680	12,168,295
At 30 June 2025				
Trade payables	0	4,248,656	0	4,248,646
Total	0	4,248,656	0	4,248,646

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	0	0
USD	10%	0	0
2025 (current year)			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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.

Notes to the Financial Statements (Continued)

24. 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.

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

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

25. Capital Commitments

Capital Commitments	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

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 Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health Its ultimate parent is the County Government of Nyamira.

28. Currency

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

29. Appendices


Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

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Dr Samwel Ombati
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (2024-2025 FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

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

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