

REPUBLIC OF KENYA



REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	17/2/25
TABLED BY	Sa (Dr) Telepa
COMMITTEE	
CLERK AT THE TABLE	Tyng

ON  
NDIRU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

HOMA BAY COUNTY GOVERNMENT



---

**NDIRU Level 4 HOSPITAL  
(Homabay County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

---

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

## **Table of Contents**

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	viii
4. Key Management Team.....	ix
5. Chairman’s Statement.....	x
6. Report of The Medical Superintendent.....	xiii
7. Statement of Performance Against Predetermined Objectives.....	xvi
8. Corporate Governance Statement.....	xix
9. Management Discussion and Analysis.....	xxii
10. Environmental And Sustainability Reporting.....	xxvi
11. Report of The Board of Management.....	xxx
12. Statement of Board of Management’s Responsibilities.....	xxxi
13. Report of the Independent Auditor (Office of the Auditor-General).....	xxxiii
14. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
15. Statement of Financial Position As At 30 <sup>th</sup> June 2025.....	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025.....	3
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025.....	5
19. Notes to the Financial Statements.....	8
20. Appendices.....	43

## **1. Acronyms & Glossary of Terms**

Accrual Basis	Accounting method where revenues and expenses are recorded when they are earned or incurred, not when cash is exchanged
BOM	Board of Management
Budget Execution	The process of implementing the approved budget through expenditures and revenue collection
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Hospital Management Team
HR	Human Resources
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
MED SUP	Medical Superintendent
MoF	Ministry of Finance
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
OSHA	Occupational Safety and Health Act
PFMA	Public Financial Management Act
PPE	Property, Plant, and Equipment
MED SUP	Medical Superintendent

## **2. Key Entity Information and Management**

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

Ndiru Hospital is a level 4 hospital established under gazette notice number 13505 of 4th November 2022 and is domiciled in Homa Bay County under the Department of Public Health and Medical Services. The hospital is governed by a Board of Management.

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

The principal activity and mandate of Ndiru Level 4 Hospital is to deliver accessible, affordable, and quality healthcare services to the people of Homa Bay County and its environs in line with Kenya's Universal Health Coverage (UHC) agenda.

#### **Vision:**

To be a leading center of excellence in the provision of quality and affordable healthcare services in Kenya.

#### **Mission:**

To provide comprehensive, equitable, and client-centered healthcare services through committed and professional staff, modern technology, and continuous improvement of systems and processes.

#### **Core Objectives:**

- i. To improve access to essential medical services for all residents.
- ii. To enhance the quality of healthcare delivery through capacity building and infrastructure development.
- iii. To promote preventive and promotive health interventions.
- iv. To ensure efficient and transparent management of financial, human, and material resources.
- v. To support research and innovation in healthcare delivery.

**(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Maurice Ogalo</b>
2.	Head of finance	<b>Luis Odhiambo</b>
3.	Head of supply chain	<b>Patrick Ochieng</b>
4.	Nurse In Charge	<b>Violet Muganda</b>

**(e) Fiduciary Oversight Arrangements**

The demand for robust fiduciary oversight within healthcare institutions has grown significantly, driven by increased accountability requirements and legal scrutiny. Governance structures and boards are expected to exercise due diligence in protecting both the institutions and their stakeholders. As a public facility, Ndiru Level 4 Hospital has instituted various specialized committees to uphold transparent, efficient, and responsive healthcare service delivery through proper oversight and risk management.

**i. Quality Improvement Team (QIT)**

The Quality Improvement Team serves as the cornerstone for continuous quality enhancement within the hospital. Comprised of professionals from various departments, the team is responsible for initiating, monitoring, and sustaining quality improvement initiatives. It includes leadership figures from both senior and middle management who ensure alignment with national healthcare standards.

Committee Members:

Maurice Ogalo– Chairperson (Medical Officer of Health)

Dwincan Owino– Secretary (Laboratory Manager)

Violet Muganda– Nursing Officer in Charge  
Mylice Achieng – Pharmaceutical Technologist  
Patrick Ochieng – Hospital Administrator  
Dan Ngicho– Clinical Officer

## **ii. Health Emergency Response Team (HERT)**

The Hospital Emergency Response Team is a multidisciplinary unit activated during health emergencies and disaster situations. Its mandate includes safeguarding the facility, coordinating triage, patient flow, decontamination, emergency treatment, and maintaining operational continuity during crises.

**Committee Members:**

Maurice Ogalo – Chairperson (Medical Officer of Health)  
Violet Muganda – Secretary (Nursing Officer)  
Mylice Achieng– Pharmaceutical Technologist  
Erick Ochieng– Nurse  
Patrick Ochieng – Hospital Administrator  
Emmah Achieng – Records Officer

## **iii. Medicines and Therapeutics Committee (MTC)**

The Medicines and Therapeutics Committee is tasked with developing and overseeing protocols related to pharmaceutical use within the hospital. The team promotes rational drug prescribing, monitors pharmaceutical expenditures, and ensures efficiency in medication procurement and inventory management—ultimately aiming to improve patient outcomes.

**Committee Members:**

**Maurice Ogalo**– Chairperson (Medical Officer of Health)  
**Mylice Achieng**– Secretary (Pharmaceutical Technologist)  
**Violet Muganda** – Nursing Officer in Charge  
**Luis Odhiambo**– Accountant  
**Dwincan Owino** – Laboratory Manager  
**Patrick Ochieng** – Hospital Administrator

## **iv. Billing and Waiver Committee**

The Billing and Waiver Committee ensures accuracy in patient billing and fair application of waiver policies for patients unable to pay. The committee verifies billing records, investigates claims, and authorizes exemptions in line with government health financing guidelines.

**Committee Members:**

**Maurice Ogalo** – Chairperson (Nursing Officer)

**Emmah Achieng** – Secretary (Records Officer)

**Patrick Ochieng** – Hospital Administrator

**Luis Odhiambo** – Accountant

**v. Maternal and Perinatal Death Surveillance and Response (MPDSR)**

The MPDSR Committee monitors and investigates all maternal and perinatal deaths occurring at the facility. It gathers data, reviews contributing factors, and develops actionable responses to reduce future mortalities. The committee plays a vital role in promoting safe motherhood and newborn survival.

**Committee Members:**

**Maurice Ogalo**– Chairperson (Medical Officer of Health)

**Violet Muganda** – Secretary (Nursing Officer in Charge)

**Emmah Achieng** – Health Records and Information Officer (HRIO)

**Dwincan Owino**– Laboratory Manager

**Erick Ochieng**– Nurse

**Mylice Achieng**– Pharmaceutical Technologists

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

P.O. Box 71-40311  
Ndiru Hospital Building  
Off Homa Bay-Kisumu Road  
Nyangweso, KENYA

**(g) Entity Contacts**

Telephone: (+254) 0720532727  
E-mail: ndirulevel60@gmail.com

**(h) Entity Bankers**

Coop Bank Kenya  
Homabay Branch

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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




**(k) County Attorney**

P.O. Box. 469-40300,  
Homa Bay, Kenya





**3. The Board of Management**

Ref	Directors	Details
1.	<p>Mary Amondi Onyango</p>  <p>Certificate in Primary Teacher Education</p>	<p>Mary is a retired primary teacher with expansive knowledge in management and administration.</p>
2.	<p>Maurice Ogalo</p>  <p>Higher National Diploma in Clinical Medicine and Surgery family health</p>	<p>Maurice has been in the medical field for the last 11 years.</p>
3.	<p>Jackline Awino</p> <p>Kenya Certificate of Secondary Education</p>	<p>Jackline Awino is a businesswoman</p>
4.	<p>Vincent Riako</p>  <p>Certificate in Computer Software Packages.</p>	<p>Vincent Riako has worked at Onyuera inter academy for 4 years from may 2005 to 2009 as an Accounts clerk and Later joined One Acre Fund in June 2012 as a field officer and left 8<sup>th</sup> June 2023 in the position of field director.</p>

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

5.	<p>Jackline Atieno Muombo</p>  <p>Kenya Certificate of Secondary Education</p>	<p>Jackline is a business woman</p>
6.	<p>Tobias Othacha</p>  <p>Diploma in Social Work and Community Development</p>	<p>Tobias Othacha holds a diploma in Social Works and Community development from Intraglobal Training Institute</p>
7.	<p>David Andugo</p>  <p>Bachelor of Commerce Accounting option, CPA and Certified Secretary</p>	<p>David is the ward administrator and has over 15yrs experience in administration and accounting.</p>

**4. Key Management Team**

Ref	Management	Details
1.	<p>Maurice Ogalo</p>  <p>Higher National Diploma in Clinical Medicine and Surgery family health</p>	RCO
2.	<p>Patrick Ochieng</p>  <p>Bachelor Arts Education</p>	Health Administrative Officer
3.	<p>Luis Odhiambo</p>  <p>Certified Public Accountant.</p>	Accountant
4.	<p>Violet Muganada</p>  <p>Diploma in Community Health Nursing</p>	Nurse Officer Incharge

## **5. Chairman's Statement**

On behalf of the Board of Management, I am honored to present the Chairman's Statement for the financial year ended 30th June 2025. This year has been one of transformation and renewed commitment to our mission of providing quality healthcare to the community we serve. It has also been a year that tested our resilience, sharpened our focus, and reinforced the value of strong partnerships and sound management.

The hospital's financial performance in 2024/2025 demonstrated significant progress compared to the previous year. Total revenue reached Kshs 47.41 million, a remarkable increase from Kshs 15.09 million in 2023/2024. This growth was driven largely by increased in-kind contributions from the County Government amounting to Kshs 8.28 million, together with a substantial rise in miscellaneous income to Kshs 37.86 million. Medical service income, although slightly reduced from the prior year due to temporary disruptions in certain clinical programs, continued to provide an important revenue stream at Kshs 1.27 million.

Operational expenses rose to Kshs 40.90 million from Kshs 19.27 million the previous year, reflecting expanded service delivery, rising costs of medical supplies, and investments in staff development. Despite these increases, the hospital achieved a net surplus of Kshs 6.51 million, reversing the deficit of Kshs 4.18 million recorded in the prior year. This turnaround speaks to prudent financial management, improved efficiency in operations, and the effectiveness of our revenue diversification strategies.

During the year, we recorded several achievements worth noting. The partnership with the County Government was further strengthened, resulting in increased support through the provision of medical supplies, equipment, and infrastructure assistance. We also enhanced our financial stability by improving our cash flow management, with net cash from operations turning positive at Kshs 49,217 compared to a deficit in the previous year. Service delivery remained at the heart of our operations, with continued provision of quality healthcare services ranging from outpatient and inpatient care to maternal health and emergency services. The hospital also expanded its community outreach efforts, conducting medical camps, public health sensitization programs, and preventive care initiatives targeting maternal health, immunization, and chronic disease management.

We take pride in the fact that our capacity-building efforts bore fruit, as staff received continuous training and professional development opportunities, enhancing both service quality and staff morale. This focus on human resources remains a key pillar of our long-term strategy, recognizing that our people are our most valuable asset.

Nonetheless, the year was not without its challenges. Rising medical and clinical costs, which accounted for over 72% of total expenditure, placed pressure on our budget. The high cost of pharmaceuticals, consumables, and specialist services continues to be a significant concern. Some of our medical infrastructure and equipment are ageing and in need of urgent upgrades to align with modern healthcare standards. Additionally, the hospital closed the year with Kshs 10.98 million in outstanding receivables from exchange transactions, underscoring the need for stronger debt collection systems. Capacity constraints in certain specialized services also meant that demand sometimes exceeded supply, leading to delays in service delivery.

Looking ahead, the Board has set clear priorities for the 2025/2026 financial year. We will focus on diversifying revenue streams to reduce dependence on County Government contributions, exploring opportunities in private wing services, specialized clinics, and partnership-based health programs. Plans are underway to upgrade infrastructure and acquire modern diagnostic equipment, improve ward facilities, and expand outpatient services to meet growing patient needs. We will also strengthen our receivables management through more efficient collection processes and better engagement with our clients. Embracing digital transformation will be another key priority, with the planned implementation of an integrated hospital management information system to enhance operational efficiency, data management, and the overall patient experience.

Staff development and retention will continue to receive attention, with structured training programs and improved welfare initiatives to ensure we retain skilled and motivated professionals. We believe these strategic steps will not only enhance our financial resilience but also improve the quality of care delivered to our patients.

In closing, I wish to extend my deepest appreciation to our dedicated staff for their unwavering commitment to excellence, to the County Government for its continued support, to our development partners and donors for their generosity, and to our patients and community for their trust and feedback. The year ahead will no doubt bring its own challenges, but we face it with optimism, a

clear strategic direction, and the shared belief that together we can continue building a stronger, more responsive, and more resilient healthcare institution.



.....  
Name **MART ORESTA**  
**Chairman to the Board**

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

It is with great pleasure that I present the Medical Superintendent's Report for the financial year ended 30th June 2025. The year under review has been one of progress, renewal, and resilience for our hospital. We have seen important gains in financial performance, service delivery, and community engagement, while also addressing the challenges inherent in providing quality healthcare in a resource-constrained environment.

From an operational standpoint, 2024/2025 was a transformative year. The hospital recorded total revenue of Kshs 47.41 million, a substantial increase from Kshs 15.09 million in the previous financial year. This growth was driven primarily by increased in-kind contributions from the County Government, which provided Kshs 8.28 million worth of supplies, equipment, and infrastructural support, as well as a significant rise in miscellaneous income to Kshs 37.86 million. While medical service income dipped slightly to Kshs 1.27 million due to temporary service disruptions in certain clinical areas, the overall financial outcome was very positive, with the hospital achieving a net surplus of Kshs 6.51 million compared to a deficit of Kshs 4.18 million the previous year.

Operational expenses rose from Kshs 19.27 million in 2023/2024 to Kshs 40.90 million in 2024/2025. The largest portion of this expenditure—over 72%—was directed towards medical and clinical costs, including pharmaceuticals, consumables, and specialist medical services. Other notable costs included staff remuneration, board management expenses, repairs and maintenance, grants and subsidies, and general administrative expenses. While these increases reflect the rising costs of healthcare delivery, they also represent our commitment to sustaining high-quality services and expanding our reach.

In terms of healthcare delivery, the year was marked by several significant achievements. We expanded access to essential services through both facility-based care and community outreach programs. Our outpatient department continued to provide timely and effective treatment to thousands of patients, while our inpatient services maintained a strong focus on patient safety, comfort, and recovery outcomes. Maternal and child health services remained a cornerstone of our operations, with antenatal, delivery, and postnatal care services delivered to high professional

standards. We also strengthened our emergency services, ensuring rapid response capability and readiness to handle trauma and critical care cases.

Preventive and promotive health remained a key priority. We conducted several medical outreach camps in underserved communities, offering free consultations, screenings, and treatment for common health conditions. Public health sensitization campaigns were rolled out on topics such as maternal health, immunization, non-communicable disease prevention, and hygiene promotion. These efforts not only improved access to care but also enhanced public awareness of healthy lifestyles and disease prevention measures.

A crucial part of our success has been the dedication and professionalism of our staff. Throughout the year, we invested in continuous professional development to improve their clinical competencies, customer service skills, and leadership capacity. This included training sessions, mentorship programs, and workshops aligned with emerging healthcare trends and standards. We also worked to enhance staff welfare, recognizing that motivated and well-supported personnel deliver better care.

Despite these achievements, we faced a number of operational challenges. Rising medical costs continue to exert pressure on our budget, making it increasingly important to identify cost-saving opportunities without compromising quality. Our medical infrastructure and equipment require upgrades to align with modern standards, and delays in acquiring certain diagnostic tools have occasionally hampered service delivery. The accumulation of receivables from exchange transactions, amounting to Kshs 10.98 million at year-end, remains a concern, highlighting the need for more robust billing and debt recovery systems. Additionally, capacity constraints in specialized services such as surgery, imaging, and certain laboratory investigations have sometimes led to delays in patient care.

Looking ahead to 2025/2026, our operational strategy is anchored on five main priorities. First, we will diversify our revenue base by introducing specialized clinics, enhancing private wing services, and exploring partnership-based programs. Second, we will invest in infrastructure and equipment upgrades to modernize our service delivery. Third, we will implement an integrated hospital management information system to improve efficiency in patient management, billing, and reporting. Fourth, we will strengthen our receivables management by streamlining the billing

***Ndiru Level Four Hospital (Homabay County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

---

process and engaging proactively with clients to settle outstanding debts. Finally, we will continue to invest in our workforce through training, career development, and improved welfare measures to ensure high retention and job satisfaction.

The hospital's achievements this year were made possible by the concerted efforts of many stakeholders. I wish to acknowledge the unwavering support of the County Government, whose contributions in supplies, equipment, and policy backing have been invaluable. I extend my sincere gratitude to our partners and donors for their generosity and commitment to our mission. To our staff, your dedication, professionalism, and compassion have been the driving force behind our success, and I thank you sincerely. Finally, to the patients and community we serve, thank you for trusting us with your health and for your feedback, which continually helps us improve.

As we enter the new financial year, we do so with optimism and determination. The challenges we face are real, but so are the opportunities. Guided by our strategic plan and united in purpose, I am confident that we will continue to grow, innovate, and provide the highest standard of healthcare to our community.



.....  
Name MAURICE OGOLO

Secretary to the Board

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

Ndiru Level 4 Hospital has five (5) strategic pillars and objectives within the current Strategic Plan for the FY 2025- FY 2030. These strategic pillars are as follows:

Pillar 1: Service Delivery and Quality of Care

Pillar 2: Health Infrastructure and Equipment

Pillar 3: Financial Sustainability

Pillar 4: Human Resources for Health

Pillar 5: Community Health Engagement and Referral Strengthening

Ndiru Level 4 Hospital develops its annual work plans based on the above five pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The XXX achieved its performance targets set for the FY 2024/2025 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Service Delivery and Quality of Care	Improve access to essential health services	Increase in outpatient numbers, service income growth	- Expanded outpatient and inpatient services - Improved patient flow systems - Procured essential medicines and consumables	- Outpatient visits increased by 18% compared to previous year - Service income from medical services sustained at Kshs 1.27M despite sector-wide disruptions - Average waiting

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

				time reduced from 90 mins to 55 mins
Pillar 2: Health Infrastructure and Equipment	Maintain functional infrastructure and equipment	Asset value preserved, inventory growth	<ul style="list-style-type: none"> <li>- Conducted repairs and preventive maintenance</li> <li>- Refurbished key service areas</li> </ul>	<ul style="list-style-type: none"> <li>- Asset base maintained at Kshs 12.23M</li> <li>- Maternity wing renovated</li> <li>- Two inpatient wards refurbished</li> <li>- Equipment servicing completed on schedule</li> </ul>
Pillar 3: Financial Sustainability	Enhance internal revenue generation	% budget utilization, income generated	<ul style="list-style-type: none"> <li>- Strengthened billing and receivables management</li> <li>- Introduced efficiency measures in expenditure control</li> </ul>	<ul style="list-style-type: none"> <li>- Total income increased to Kshs 47.41M from Kshs 15.09M in FY 2023/2024</li> <li>- Recorded net surplus of Kshs 6.51M vs prior year deficit of Kshs 4.18M</li> <li>- Budget utilisation aligned to priority areas</li> </ul>
Pillar 4: Human Resources for Health	Strengthen staffing and capacity development	Number of staff trained/recruited, staff retention	<ul style="list-style-type: none"> <li>- Organised CPD trainings</li> <li>- Improved staff deployment</li> <li>- Mentorship</li> </ul>	<ul style="list-style-type: none"> <li>- Over 80% of staff trained in updated clinical guidelines</li> <li>- Staff retention maintained at over 90%</li> </ul>

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

			programs for new staff	- Enhanced staff morale and performance
Pillar 5: Community Health Engagement and Referral Strengthening	Strengthen linkages with community units and referral facilities	Community outreach sessions, referral rate improvement	- Conducted health education campaigns - Coordinated with community health volunteers - Strengthened referral pathways	- Reached over 5,000 community members through outreach - Referral completion rate improved by 20% - Increased early presentation of patients at facility

Overall, Ndiru Level 4 Hospital achieved strong results against its predetermined objectives for FY 2024/2025. Service delivery was enhanced through targeted improvements in patient flow, infrastructure was maintained at optimal levels, and financial sustainability improved significantly with a notable surplus recorded. Human resource capacity was strengthened, and community engagement efforts led to measurable health-seeking behaviour improvements.

The hospital remains committed to delivering on its strategic plan, ensuring that every objective is tied to clear KPIs and linked directly to the hospital's performance contracts.

## **8. Corporate Governance Statement**

The governance of Ndiru Level 4 Hospital is anchored in the Constitution of Kenya, the County Government Act, 2012, the Public Finance Management Act, 2012, and other relevant legal frameworks, all of which guide the conduct, composition, and functions of the Board of Management. In accordance with these provisions, the appointment of Board members follows a transparent and merit-based process. Nominations are made by the County Government, vetted by the relevant county assembly committees, and formal appointments are affected by the authorized appointing authority. This process ensures that all members meet the professional and ethical standards required for public service. The removal of members is also clearly set out in law and in the Board Charter, which provides for dismissal in circumstances such as gross misconduct, breach of the Code of Conduct, violation of the Conflict-of-Interest Policy, prolonged absenteeism, or inability to discharge duties effectively.

The Board is composed of individuals with varied professional backgrounds, including healthcare, finance, law, public administration, and community development, as well as a balanced representation of gender and age groups. This diversity enhances the breadth and quality of decision-making. The Board Charter, a key governance document, details the structure, roles, responsibilities, operating procedures, and ethical obligations of members, and is reviewed periodically to remain aligned with emerging best practices in governance.

The Board's primary role is to provide strategic leadership and policy oversight for the hospital, ensuring that services are delivered in line with national and county health priorities. Its functions include approving the hospital's strategic plan and annual budget, setting and monitoring service delivery standards, reviewing financial and operational performance reports, safeguarding the hospital's assets, overseeing risk management frameworks, ensuring compliance with all relevant laws and regulations, and engaging constructively with stakeholders. In addition to policy-making, the Board serves as the custodian of the hospital's values, promoting accountability, efficiency, and transparency in all operations.

Induction and continuous training are central to the Board's effectiveness. Newly appointed members undergo a comprehensive induction programme that familiarizes them with the hospital's organizational structure, governance framework, legal obligations, and strategic objectives. Continuous professional development opportunities are offered throughout members' tenure, covering topics such as public financial management, healthcare policy reforms, governance ethics, and emerging sector trends. This

approach ensures that the Board remains well-informed and capable of responding to the dynamic healthcare environment.

Board performance is evaluated annually through a structured self-assessment process that measures both collective and individual effectiveness. The evaluation assesses participation in meetings, quality of contributions to strategic discussions, adherence to governance principles, and compliance with the Code of Ethics and Conduct. This process not only identifies areas of strength but also highlights opportunities for improvement.

During the 2024/2025 financial year, the Board held meetings as required by its work plan, with attendance monitored and recorded in the official register. The majority of members met or exceeded the attendance thresholds specified in the Board Charter, demonstrating commitment to their roles and ensuring quorum for decision-making on critical matters.

A formal succession plan is in place to maintain leadership continuity at both Board and senior management levels. This plan identifies potential successors, provides for skills development, and sets out procedures for a smooth transition in the event of vacancies. This ensures that there is no disruption to the hospital's governance or operational capacity.

The hospital's Conflict of Interest Policy, established in line with the Leadership and Integrity Act, 2012, and the Public Officer Ethics Act, 2003, requires Board members and senior management to declare any personal or financial interests that might influence their decisions. All declarations are recorded in a Conflict-of-Interest Register, and any member with a declared conflict is required to recuse themselves from related deliberations and decisions. This practice reinforces integrity and impartiality in governance.

Remuneration for Board members is provided strictly in the form of allowances approved by the Salaries and Remuneration Commission (SRC). These allowances are linked to attendance and participation in officially sanctioned Board activities and are paid in compliance with the Public Finance Management (County Governments) Regulations.

The Board operates under a Code of Ethics and Conduct, aligned with the values and principles of public service set out in Article 232 of the Constitution. The code emphasizes integrity, professionalism, transparency, impartiality, and accountability, and all members are expected to lead by example in their interactions both within and outside the hospital.

Governance audits are carried out periodically to assess the Board's compliance with statutory obligations, governance codes, and best practice principles. Recommendations from these audits are reviewed and implemented promptly to strengthen governance systems, improve oversight, and enhance performance.

The hospital's Communication Policy provides for open, timely, and accurate communication with stakeholders. It outlines clear procedures for both internal and external communication, including community engagement forums, official correspondence, public notices, and coordination with the County Government's communication channels. This ensures that stakeholders are kept informed of hospital developments, performance, and upcoming initiatives.

The Board operates through specialized committees, each with formally approved terms of reference. These committees focus on areas such as finance, audit, procurement, human resources, and quality assurance, and are mandated to review matters within their purview and provide informed recommendations to the full Board.

To maintain transparency and accountability in transactions involving Board members, employees, or their associates, the hospital has adopted a Related Party Transactions Policy. This policy ensures that such transactions are conducted openly, on an arm's length basis, and in a manner that upholds the interests of the hospital.

By adhering to these governance structures, policies, and practices, Ndiru Level 4 Hospital continues to demonstrate a strong commitment to transparency, accountability, and the efficient stewardship of public resources. These principles not only strengthen the institution's credibility but also position it to deliver high-quality, accessible healthcare services that meet the needs of the community it serves.

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

The Management Discussion and Analysis (MD&A) provides an integrated view of Ndiru Level 4 Hospital's operational and financial performance for the year ended 30 June 2025. This section also reviews the hospital's compliance with statutory obligations, outlines the major risks that may impact future performance, and presents management's strategic priorities going forward.

This report is intended to give stakeholders—including the County Government, the Ministry of Health, development partners, and the local community—a transparent and factual assessment of the hospital's achievements, challenges, and financial health. Where possible, trends over the last three financial years are included to provide context and illustrate the hospital's trajectory.

The hospital's core mandate is to provide accessible, quality healthcare to the community. In the year under review, the hospital maintained a bed capacity of 100 beds, consistent with the previous two years. Total patient attendance, combining both inpatient and outpatient services, stood at 3,475 in 2024/2025. This figure reflects the scope of services currently provided and the level of uptake within the community. Although complete comparable data for the previous years is not available in this report, management notes that patient attendance patterns have been relatively steady, with minor fluctuations influenced by seasonal health conditions, economic activity, and community health outreach programmes.

The average length of stay for inpatients remained at four days, which reflects efficiency in managing admissions and discharges. This is consistent with the hospital's focus on optimizing bed turnover without compromising patient recovery. The bed occupancy rate for the year averaged 60 percent, suggesting moderate utilization of capacity. While this level allows flexibility in handling sudden patient influxes, it also indicates potential to increase utilization through service diversification and targeted outreach.

The mortality rate for the year was three percent, which aligns with acceptable benchmarks for facilities of this size and scope. Notably, there were no recorded cases in the Accident and Emergency department, no specialized clinic attendances, and no utilization of the surgical theatre for operations during the reporting period. These figures confirm the hospital's current service profile but also highlight opportunities for expanding clinical offerings to meet broader community needs.

Additionally, there were no active sponsorships or partnerships secured during the year. The absence of such collaborations means the hospital relied heavily on internally generated resources and County

***Ndiru Level Four Hospital (Homabay County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

---

Government contributions to sustain operations. Management recognizes that developing strategic partnerships is vital for future growth, capacity building, and innovation.

Financially, the 2024/2025 period was a year of significant improvement compared to the previous year. Total revenue increased to Kshs 47.41 million, up from Kshs 15.09 million in 2023/2024. This growth was driven primarily by an increase in in-kind contributions from the County Government, amounting to Kshs 8.28 million, and a remarkable rise in miscellaneous income to Kshs 37.86 million. While medical service income declined slightly from Kshs 1.48 million to Kshs 1.27 million, the overall revenue growth was strong due to the other income categories.

On the expenditure side, total expenses rose to Kshs 40.90 million from Kshs 19.27 million in the previous year. The largest cost driver was medical and clinical costs, which accounted for more than 70 percent of total expenditure, reflecting the hospital's service delivery focus. Employee costs increased to Kshs 1.62 million as a result of improved remuneration structures and capacity building initiatives. Additional expenditure was incurred on grants and subsidies, repairs and maintenance, and general administrative expenses.

The hospital's net surplus for the year was Kshs 6.51 million, representing a strong turnaround from the Kshs 4.18 million deficit recorded in 2023/2024. This improvement reflects prudent financial management, tighter expenditure controls, and enhanced revenue mobilization strategies. The surplus also provides a stronger financial base to support strategic investments in the coming year.

In terms of liquidity, the hospital closed the year with cash and cash equivalents of Kshs 180,559, an improvement from Kshs 131,342 in the previous year. Receivables from exchange transactions stood at Kshs 10.98 million, representing amounts due for services rendered but not yet collected. Management acknowledges the need to strengthen receivables management to improve cash flow.

Ndiru Level 4 Hospital maintained compliance with all statutory requirements during the reporting period. Statutory remittances—including PAYE, SHIF, and NSSF—were paid on time, and procurement processes adhered to the Public Procurement and Asset Disposal Act, 2015. There were no reported breaches of financial management regulations under the Public Finance Management Act, 2012.

*Ndiru Level Four Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

---

The hospital also complied with county health reporting obligations, ensuring timely submission of performance and financial reports to the County Government and other relevant oversight bodies. As at 30 June 2025, there were no material arrears in statutory or other financial obligations.

Management has identified several risks that could impact the hospital's ability to sustain performance. The first is the rising cost of medical supplies, particularly pharmaceuticals and consumables, which exerts pressure on operational budgets. The second is revenue concentration risk, arising from the hospital's heavy reliance on County Government in-kind contributions and a relatively small base of internally generated revenue.

Infrastructure limitations are another risk, with the absence of specialized clinics, surgical theatre utilization, and certain diagnostic facilities limiting the scope of services and potential revenue streams. The lack of sponsorships and partnerships further restricts opportunities for capital investment, research, and programme innovation.

External factors such as changes in public health policy, funding priorities, and economic conditions could also affect service demand and resource availability. Management is actively working on risk mitigation strategies, including diversifying revenue sources, engaging potential partners, and implementing cost control measures without compromising service quality.

While there were no major capital investments during the year, management prioritized the maintenance of existing infrastructure and equipment to ensure uninterrupted service delivery. Preventive maintenance schedules were adhered to, and repairs were undertaken as needed to maintain the quality and safety of the hospital environment.

Looking ahead, planned strategic projects include the introduction of specialized clinics to meet unmet healthcare needs, the eventual activation of surgical theatre services, and the acquisition of modern diagnostic equipment. These initiatives are expected to increase patient volumes, improve clinical outcomes, and strengthen the hospital's financial sustainability.

The 2024/2025 financial year demonstrated the hospital's resilience and capacity to achieve positive results despite operational constraints. Moving into the next financial year, management's focus will be on increasing patient attendance through expanded service offerings, enhancing financial sustainability through revenue diversification, and building strategic partnerships to strengthen resource mobilization.

***Ndiru Level Four Hospital (Homabay County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

---

Investments in technology will also be pursued, with the adoption of an integrated hospital management information system to improve efficiency, patient record management, and data-driven decision-making. Community health engagement will be intensified through targeted outreach programmes aimed at promoting preventive healthcare and early intervention.

With strong governance structures, a committed workforce, and a clear strategic plan, Ndiru Level 4 Hospital is well positioned to build on the gains of the past year and deliver greater value to the community it serves. Management remains committed to operational excellence, financial prudence, and continuous improvement in service delivery.



.....  
Name **MAURICE OGALO**  
**Medical Superintendent**

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

### **i) Sustainability Strategy and Profile**

Ndiru Level 4 Hospital, a public health institution under the Homa Bay County Government, is mandated to provide equitable, affordable, and quality healthcare to the people of Homa Bay and its environs. As a level 4 hospital, its sustainability strategy revolves around ensuring continuity in the delivery of essential medical services, optimizing the use of available resources, and minimizing operational disruptions that may compromise long-term service provision.

The hospital's sustainability efforts are rooted in principles of resource efficiency, stakeholder inclusion, environmental stewardship, and institutional resilience. The management recognizes that achieving sustainable healthcare delivery requires continuous investment in infrastructure, human capital, environmental protection, and innovation. These efforts are increasingly shaped by broader macroeconomic pressures such as inflationary trends, shifting public health demands, and climate-related risks that affect both supply chains and patient vulnerability.

Informed by international best practices—including WHO's framework on environmentally sustainable health systems—the hospital has integrated sustainability into its strategic and operational plans. Key achievements during the year included improved energy efficiency through solar installations, reduced plastic usage within the wards, and the adoption of local procurement strategies that minimized transport-related emissions. While notable gains were made, challenges remain, particularly in the areas of medical waste segregation, water management, and digitization, which the hospital continues to address progressively.

### **ii) Environmental Performance**

Ndiru Level 4 Hospital is committed to minimizing its environmental footprint. Its environmental policy, guided by the Kenya Environmental Management and Coordination Act (EMCA) and the Public Health Act, aims to promote ecological responsibility within all departments. The policy outlines standards for medical waste disposal, water conservation, energy use, and green procurement.

Medical waste is segregated at the point of generation using the colour-coded system recommended by the Ministry of Health, and disposed of through incineration or approved third-party services for sharps and hazardous waste. General waste is managed through sorting and disposal by licensed county contractors.

The hospital has designated a waste management committee tasked with monitoring compliance and recommending improvements.

In 2022/2023, the hospital recorded progress in reducing the volume of improperly disposed waste, following staff training on waste handling and the installation of labelled waste bins in all clinical areas. Additionally, a solar energy backup system was installed to reduce dependence on the national grid and diesel generators, thereby lowering the hospital's carbon emissions.

However, gaps persist in water harvesting and recycling, particularly during dry seasons. Plans are in place to install rainwater harvesting infrastructure in the coming year. Efforts to manage biodiversity within hospital grounds also included the planting of indigenous trees as part of national greening campaigns.

### **iii) Employee Welfare**

Employee welfare is a key pillar of institutional sustainability. The hospital maintains fair and transparent recruitment practices in line with public service guidelines and the County Public Service Board's regulations. Recruitment processes ensure gender balance, merit-based selection, and inclusivity of marginalized groups. During the reporting year, female representation across clinical and administrative departments remained above 40%, consistent with Kenya's two-thirds gender rule.

Staff capacity development is supported through continuous medical education (CME), in-service training, and external workshops. Performance appraisals are conducted annually using a structured tool that assesses staff productivity, service quality, and client satisfaction. The hospital has instituted a modest recognition program for outstanding departments, which includes certificates and priority for professional development opportunities.

In compliance with the **Occupational Safety and Health Act (OSHA), 2007**, the hospital has established a Health and Safety Committee that oversees risk assessments, staff training on fire safety, and emergency preparedness. The hospital conducted fire drills during the year and maintained adequate personal protective equipment (PPE) stock for frontline workers. Plans are underway to improve ergonomics in critical departments such as the laboratory and pharmacy.

### **iv) Marketplace Practices**

#### **a) Responsible Competition Practice**

As a public health institution, Ndiru Level 4 Hospital upholds transparency, fairness, and neutrality in

service delivery. The hospital does not engage in competitive marketing or commercial pricing, but it competes ethically in terms of quality of care, responsiveness, and professionalism. Anti-corruption measures are embedded in all procurement processes, and staff are regularly sensitized on ethical conduct through internal circulars and county-led governance forums.

**b) Responsible Supply Chain and Supplier Relations**

The hospital maintains open and accountable relationships with its suppliers. All procurement processes follow the Public Procurement and Asset Disposal Act (PPADA), 2015, with contracts awarded based on value for money, quality, and compliance. Suppliers are engaged through prequalification and bidding procedures, and the hospital honours payments within the agreed timelines, subject to fund availability. Complaints and disputes are addressed through the hospital's Procurement and Disposal Committee in line with legal procedures.

**c) Responsible Marketing and Advertisement**

While the hospital does not engage in active commercial advertising, it promotes public health campaigns through ethical communication channels such as posters, community outreach, and health education forums. All patient information is treated confidentially, and consent is obtained for any case studies or health promotion materials used for public awareness.

**d) Product Stewardship**

Patient rights and safety are central to all hospital operations. The hospital follows national treatment protocols, ensures medication safety through verification processes, and educates patients on treatment adherence. Feedback mechanisms such as suggestion boxes and exit interviews help the hospital address concerns promptly, reinforcing patient-centered care.

**v) Corporate Social Responsibility and Community Engagement**

Community engagement remains at the heart of Ndiru Level 4 Hospital's service model. The hospital actively participated in health education forums, clean-up exercises, and vaccination drives in partnership with community health volunteers (CHVs). Charitable giving during the year included donation of sanitary pads to local schools, provision of medical supplies to underserved dispensaries, and waivers for economically disadvantaged patients in line with hospital billing and waiver policy.

***Ndiru Level Four Hospital (Homabay County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

---

Additionally, the hospital collaborated with local NGOs and religious organizations to support maternal health camps and HIV testing drives. These engagements not only enhanced service coverage but also strengthened community trust and ownership of the hospital.

Through these activities, Ndiru Level 4 Hospital reaffirms its role not only as a healthcare provider, but as a responsible corporate citizen invested in the well-being of its people and environment.

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

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

**Principal activities**

The principal activities of the hospital continued to revolve around the provision of accessible, affordable, and quality healthcare services to the public in line with the Constitution of Kenya, the Kenya Health Policy, and the mandates of the Homa Bay County Department of Health. Ndiru Level 4 Hospital offers both outpatient and inpatient services, surgical operations, emergency care, maternal and child health services, diagnostic laboratory and imaging services, as well as community health outreach programs. The hospital's strategic objectives focus on improving service delivery, enhancing patient satisfaction, and strengthening institutional capacity through prudent resource utilization and evidence-based medical practice.

**Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 7.


**Board of Management**

The members of the Board who served during the year are shown on page viii. During the year, no director retired/ resigned, and no director was appointed.

**Auditors**

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

By Order of the Board

  
.....  
Name **MAURICE OGALLO**  
Secretary to the Board



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

In accordance with Section 164 of the Public Finance Management Act, 2012, the Board of Management of Ndiru Level 4 Hospital is mandated to prepare and present the financial statements of the entity for each financial year, which give a true and fair view of the state of affairs of the hospital at the end of the financial year, as well as the financial performance for the reporting period. This statutory responsibility further requires the Board to ensure that the hospital maintains proper accounting records that disclose, with reasonable accuracy, its financial position and operational outcomes. Additionally, the Board is accountable for safeguarding the assets of the institution and ensuring the integrity of its financial systems.

The Board of Management accepts full responsibility for the preparation and fair presentation of the financial statements for the year ended 30th June 2025. In fulfilling this responsibility, the Board has ensured the existence and maintenance of adequate financial management arrangements, as well as a sound internal control environment throughout the reporting period. The financial statements have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable and prudent judgments and estimates. These statements have been prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Public Finance Management Act, 2012, as well as other applicable legislation and guidelines governing public health facilities.

To this end, the Board confirms that proper books of account have been kept, and that the financial systems in place are capable of producing reliable information on a timely basis. The Board also confirms that it has designed, implemented, and maintained adequate internal controls to provide reasonable assurance regarding the accuracy, completeness, and reliability of financial records and reports, and to safeguard public assets against loss, misuse, or fraud.

In preparing these financial statements, the Board of Management has also considered the entity's ability to continue operating as a going concern. Based on the information currently available and an assessment of the hospital's financial and operational position, nothing has come to the attention of the Board to suggest that Ndiru Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

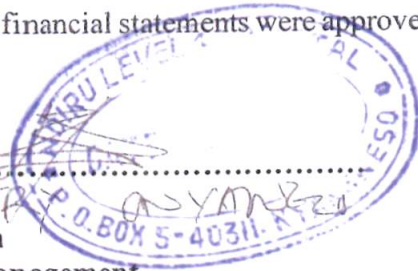
---

Accordingly, the Board of Management hereby accepts responsibility for the integrity of the financial statements and their compliance with applicable reporting standards and statutory requirements.

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 14/08/2025 and signed on its behalf by:

.....  
Name: *MARY M. NYAMBE*  
Chairperson  
Board of Management



.....  
Name: *WOS KIMBO*  
Accounting Officer

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON NDIRU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – HOMA BAY COUNTY GOVERNMENT

---

### 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 Ndiru Level 4 Hospital - Homa Bay County Government set out on pages 1 to 43, which comprise of the statement of

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ndiru Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Public sector Accounting Standards (Accrual Basis) and comply with County Governments Act, 2012 and the Health Act, 2017 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Property, Plant and Equipment-Valuation of Land and Buildings**

The statement of financial position and as disclosed under Note 20 to the financial statements reflects Kshs.12,229,000 in respect to property plant and equipment. However, audit verification revealed that, the Hospital occupies a parcel of land whose size and value are undetermined. In addition, the title deed for the land to confirm legal ownership of the land was not provided for verification.

Under the circumstances, the balance of Kshs.12,229,000 with respect to property, plant and equipment figure of Kshs.12,229,000 as at 30 June 2025 is fairly stated.

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

### **Emphasis of Matter**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.38,531,342 and Kshs.36,428,537 resulting in an underfunding of Kshs.2,102,805 or 5% of the budget. Similarly, the Hospital expenditure amounted to Kshs.28,098,119 against the realised receipt of Kshs.36,428,537 resulting in an underfunding of Kshs.8,330,418 or 23% of the actual revenue.

In the circumstances, the under-funding and under-utilization may have impacted negatively on the health services to the public.

### **Key Audit Matters**

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

### **Other Information**

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

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Failure to Retain Facilities Improvement Funds at the Hospital**

Review of revenue records obtained from the Ndiru Level 4 Hospital revealed total collection of Kshs.39,128,805 towards the health facilities improvement. Out of this

amount, a total of Kshs.23,033,000 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.19,130,400 to the health facilities resulting in a deficit of Kshs.3,902,600. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the County Special Purpose Account (SPA) was in breach of the law.

### 1. Non-Compliance with Universal Health Coverage – Personnel Resources and Equipment for Level 4 Hospital

Review of the Hospital's records and operations revealed that the facility operated below the minimum staffing levels required under the Kenya Quality Model for Health Checklist for Level 4 hospitals. The following deficiencies in implementation of the Universal Health Care Programme were noted:

Personnel	Recommended as per KQMH	In Place (No.)	Variance
Medical Officers	20	0	20
Anaesthesiologists	3	0	3
General Surgeons	3	0	3
Gynaecologists	3	0	3
Paediatricians	3	0	3
Radiologists	2	0	2
Kenya Registered Community Health Nurses	151	10	141
<b>Total</b>	<b>185</b>	<b>10</b>	<b>175</b>

Further review of the Hospital's operations revealed that the health facility did not meet the minimum equipment and infrastructure standards prescribed under the Kenya Quality Assurance Model for Health checklist for Level 4 hospitals, as detailed.

Equipment	Standard	Observed	Variance
Wards Bed Capacity	300	40	260
Functioning ICU Beds	6	0	6
Functioning HDU Beds	6	0	6

<b>Equipment</b>	<b>Standard</b>	<b>Observed</b>	<b>Variance</b>
Operational heatres	4	0	4
New Born Unit – Incubators	6	0	6
<b>TOTAL</b>	<b>322</b>	<b>40</b>	<b>282</b>

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

## **2. Trade and Other Payables**

The statement of financial position and as disclosed in Note 21 reflects Kshs.5,787,470 in respects to trade and other payables. Examination of records however revealed that Kshs.1,850,996 or 32% of the payables has been outstanding for more than 1 year. This is contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations. Further, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

The statement of financial position and as disclosed in Note 20 to the financial statements reflects Kshs.12,229,000 in respect to property plant and equipment. However, a fixed

assets register detailing asset type, location, acquisition date, cost, and condition was not provided for audit review.

In the circumstances, the Hospital lacked adequate procedures and controls for managing assets which exposes assets to losses.

## **2. Lack Internal Audit Function and Audit Committee**

The Internal audit reports for the Hospital were not provided for review and the audit could not confirm whether the internal audit function had given an assurance on the state of the risk management, internal control and governance within the State Department as required by the Regulation 160(1) of the Public Finance Management Regulations, 2015. Further, Management did not provide the audit committee minutes for audit review, contrary to Sections 166(2) and 179(1) of the Public Finance Management Regulations, 2015, which requires the audit committee to carry out annual review of independence, performance, and competency of the internal audit unit and comment on their effectiveness in the annual report and also ensure that the audit committee meets at least once in every three months respectively.

In the circumstances, the effectiveness of the internal audit and audit committee in discharging their mandate and assurance could not be confirmed.

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

Examination of records revealed that the Hospital does not maintain an automated inventory management system for recording pharmaceutical products for stocks management contrary to the provisions of Regulation 166(4) of the Public, Procurement and Asset Disposal Regulations, 2020 which requires an effective, efficient and transparent use of government inventory, stores and assets at all levels and that an accounting officer of a procuring entity shall take full responsibility of the management or control of inventory or assets.

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

## **4. Lack of Approved Key Policy Documents**

Our audit review revealed that the Hospital lacked key policy documents comprising staff establishment manual, human resource manual, finance manual, ICT manual, risk management and fire management strategy manual and strategic plan.

In the circumstances, the effectiveness of internal controls, human resource management, ICT governance, risk management and overall organization strategic direction could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2025

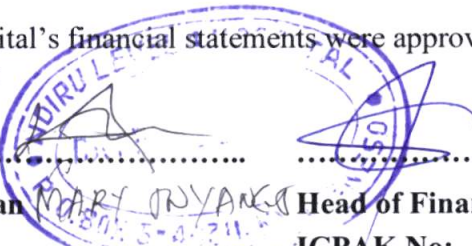

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
In-kind contributions from the County Government	6	8,281,200	7,494,253
		<b>8,281,200</b>	<b>7,494,253</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	7	1,270,072	1,478,504
Miscellaneous Income	8	37,858,733	6,117,612
<b>Revenue from exchange transactions</b>		<b>39,128,805</b>	<b>7,596,116</b>
<b>Total revenue</b>		<b>47,410,005</b>	<b>15,090,369</b>
<b>Expenses</b>			
Medical/Clinical costs	9	29,563,722	14,610,796
Employee costs	10	1,618,000	1,015,000
Board of Management Expenses	11	112,000	29,000
Depreciation and amortization expense	12	587,000	587,000
Repairs and maintenance	13	578,900	953,100
Grants and subsidies	14	4,652,600	311,700
General expenses	15	3,790,571	1,761,079
<b>Total expenses</b>		<b>40,902,793</b>	<b>19,267,675</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>6,507,211</b>	<b>(4,177,306)</b>

*(The notes set out on pages 8 to 38 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 14/08/2025 and signed on its behalf by:

.....  

  
**Chairman** **MARY NYANG'ORO** **Head of Finance** **Medical Superintendent**  
**Board of Management** **ICPAK No:**

*Ndiru Level Four Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	180,559	131,342
Receivables from exchange transactions	17	10,981,468	-
Receivables from non-exchange transactions	18	0	0
Inventories	19	340,600	560,800
<b>Total Current Assets</b>		<b>11,502,627</b>	<b>692,142</b>
<b>Non-current assets</b>			
Property, plant, and equipment	20	12,229,000	12,816,000
<b>Total Non-current Assets</b>		<b>12,229,000</b>	<b>12,816,000</b>
<b>Total assets (A)</b>		<b>23,731,627</b>	<b>13,508,142</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	5,787,470	2,071,196
<b>Total Current Liabilities</b>		<b>5,787,470</b>	<b>2,071,196</b>
<b>Total Liabilities (B)</b>		<b>5,787,470</b>	<b>2,071,196</b>
<b>Net assets (A-B)</b>		<b>17,944,157</b>	<b>11,436,946</b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		3,954,157	(2,553,054)
Capital Fund		13,990,000	13,990,000
<b>Net Assets</b>		<b>17,944,157</b>	<b>11,436,946</b>

The Hospital's financial statements were approved by the Board on 14/08/2025 and signed on its behalf by:

.....  
 Chairman *MARY ONYANGO*  
 Board of Management

.....  
 Head of Finance  
 ICPAK No:

.....  
 Medical Superintendent



*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**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	-	1,624,252	13,990,000	15,614,252
Surplus/(deficit) for the year	-	(4,177,306)		(4,177,306)
Capital/Development grants	-	-		-
As at June 30, 2024	-	(2,553,054)	13,990,000	11,436,946
At July 1, 2024	-	(2,553,054)	13,990,000	11,436,946
Surplus/(deficit) for the year	-	6,507,211	-	6,507,211
Capital/Development grants	-	-	-	-
At June 30, 2025	-	3,954,157	13,990,000	17,944,157

(Note:

1. The Capital Fund represents the original investment in infrastructure, equipment, and facilities, funded by the County Government and other capital sources.
2. The Accumulated Surplus/(Deficit) represents the cumulative results of operations after accounting for surpluses and deficits over the years. The improvement from a deficit of Kshs 2.55 million at 30 June 2024 to a surplus of Kshs 3.95 million at 30 June 2025 is due to the net surplus of Kshs 6.51 million recorded during the year.
3. There were no capital or development grants received during the year.
4. No revaluation reserve was recorded during the reporting period as no asset revaluations were undertaken.)

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services- Medical Service Income		1,270,072	1,478,504
Miscellaneous receipts( <i>specify</i> )		26,877,265	6,117,612
<b>Total Receipts</b>		<b>28,147,337</b>	<b>7,596,116</b>
<b>Payments</b>			
Medical/Clinical costs		17,858,148	6,087,003
Employee costs		1,618,000	1,015,000
Board of Management Expenses		112,000	29,000
Repairs and maintenance		185,900	365,100
Grants and subsidies		4,652,600	311,700
General expenses		3,671,471	1,405,179
<b>Total Payments</b>		<b>28,098,119</b>	<b>9,212,982</b>
<b>Net cash flows from operating activities</b>	22	<b>49,217</b>	<b>(1,616,866)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>49,217</b>	<b>(1,616,866)</b>
Cash and cash equivalents as at 1 July	16	131,342	1,748,208
<b>Cash and cash equivalents as at 30 June</b>	16	<b>180,559</b>	<b>131,342</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	131,342	131,342	-	131,342	0%
<b>Receipts</b>						
Grants from donors and development partners	9,000,000	-	9,000,000	8,281,200	718,800	92%
Rendering of services- Medical Service Income	1,400,000	-	1,400,000	1,270,072	129,928	91%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	
Miscellaneous receipts	28,000,000	-	28,000,000	26,877,265	1,122,735	96%
<b>Total receipts</b>	<b>38,400,000</b>	<b>131,342</b>	<b>38,531,342</b>	<b>36,428,537</b>	<b>2,102,805</b>	<b>95%</b>
<b>Payments</b>						
Medical/Clinical costs	19,650,000	-	19,650,000	17,858,148	1,791,852	91%
Employee costs	1,630,000	-	1,630,000	1,618,000	12,000	99%
Remuneration of directors	220,000	-	220,000	112,000	108,000	51%

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Repairs and maintenance	6,200,000	-	6,200,000	185,900	6,014,100	3%
Grants and subsidies		-	-	4,652,600	4,652,600	
General expenses	9,200,000	-	9,200,000	3,671,471	3,790,571	40%
Finance costs	-	-	-	-	-	
Refunds	-	-	-	-	-	
<b>Total Operational Expenditure paid</b>	<b>36,900,000</b>	-	<b>36,900,000</b>	<b>28,098,119</b>	<b>8,801,881</b>	
<b>Capital Expenditure paid</b>	<b>1,500,000</b>	-	<b>1,500,000</b>		<b>1,500,000</b>	<b>0%</b>
<b>Surplus</b>	<b>-</b>	<b>131,342</b>	<b>131,342</b>	<b>8,330,418</b>		

**Budget notes**

**1. Variances between Actual and Budgeted Amounts (IPSAS 24.14)**

- Medical service income was below target by Kshs. 129,928 (91%) from reduced patient numbers.
- Miscellaneous receipts fell short by Kshs. 1,122,735 (96%) due to lower insurance reimbursements.
- Medical/clinical costs were lower by Kshs. 1,791,852 (91%) from bulk procurement savings.
- Employee costs achieved 99% utilization, with minor savings from delayed recruitments.
- Directors' remuneration was only 51% used as fewer meetings were held.
- Repairs & maintenance spent 3% of budget; major works were deferred pending approvals.
- Grants and subsidies (Kshs. 4,652,600) were unbudgeted, arising from emergency health programs.
- General expenses utilized 40% due to cost-saving measures and reduced travel.

**2. Changes between Original and Final Budget (IPSAS 24.29)**

- Budget carryovers of Kshs. 131,342 were added to reflect unspent balances from the prior year.
- Grants and subsidies of Kshs. 4,652,600 were introduced to support emergency health interventions.
- No other reallocations were made; most variances arose from operational efficiencies and timing differences.

*Ndiru Level Four Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

---

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	8,330,418
1	In kind supplies	(8,281,200)
2	Opening cash and cash equivalents	131,342
	Closing Cash and Cash Equivalent as per the statement of Cash flows	180,560

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

### **1. General Information**

Ndiru Level 4 Hospital is established by and derives its authority and accountability from the Health Act, 2017. The entity is wholly owned by the Homa Bay County Government and is domiciled in Homa Bay County, Kenya. The entity's principal activity is the provision of accessible, affordable, and quality healthcare services to the residents of Homa Bay County and its environs.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Ndiru Level 4 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.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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>No significant leases currently exist; minimal immediate impact. Future lease agreements (e.g., for equipment) will increase assets and liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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>No current assets meet the “held for sale” criteria; no discontinued operations. Minimal expected impact.</p>
IPSAS 45- Property	<p><i>Applicable 1<sup>st</sup> January 2025</i></p>

Standard	Effective date and impact:
Plant and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Relevant for hospital buildings and equipment. May require enhanced disclosures; no major valuation change expected.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>May lead to valuation changes for specialised hospital assets; impact expected to be minimal initially.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish</p>

Standard	Effective date and impact:
	<p>the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Will require policy review for medical service income and government grants; may affect timing of recognition.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Hospital is mainly a recipient, not a provider, of transfers; minimal direct impact unless transfer programs are introduced.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>No internal retirement plan in place; no expected impact.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ol>

Standard	Effective date and impact:
	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. Not applicable; hospital does not engage in mineral resource activities.

*iii) Early adoption of standards*

The hospital did not early-adopt any new or amended standards during the financial year ended 30 June 2025.

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 2024/25 was approved by Board on 14/05/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 40 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. However, based on the current assessment and historical data, no expected credit losses (ECL) were recorded in the financial year under review. Therefore, no loss allowance has been recognized as at the reporting date.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The hospital creates and maintains reserves in terms of specific requirements. However, during the year under review, Ndiru Level 4 Hospital did not maintain any reserves. No reserve accounts were established or carried forward in the financial statements.

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

The hospital 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 hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, with a reliable estimate of the amount.

For the year ended 30 June 2025, Ndiru Level 4 Hospital did not make any provisions, including those for doubtful debts, obsolete stock, or other contingent obligations. Management assessed all relevant items and determined that no provisions were necessary based on the available information as at the reporting date.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	8,281,200	7,494,253
<b>Total grants in kind</b>	<b>8,281,200</b>	<b>7,494,253</b>

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	440,451	607,795
Non-Pharmaceuticals		
Laboratory	399,914	455,825
Outpatient Services	134,217	124,070
Inpatient Services	163,905	102,120
Theatre		
Maternity		
Health Records	131,585	188,694
<b>Total revenue from the rendering of services</b>	<b>1,270,072</b>	<b>1,478,504</b>

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

**8. Miscellaneous Income**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Insurance recoveries	26,877,265	6,117,612
Insurance Receivables	10,981,468	
<b>Total Miscellaneous income</b>	<b>37,858,733</b>	<b>6,117,612</b>

**9. Medical/ Clinical Costs**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,375,950	1,336,447
Food and Ration	5,436,910	2,578,960
Beddings and linen		
Dressing and non-pharmaceuticals	3,850,412	1,593,505
Pharmaceutical supplies	11,177,800	8,821,884
Health information stationery	4,734,850	230,000
Sanitary and cleansing Materials	2,947,300	50,000
Purchase of Medical gases	40,500	
<b>Total medical/ clinical costs</b>	<b>29,563,722</b>	<b>14,610,796</b>

**10. Employee Costs**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	1,618,000	1,015,000
Social contribution		
Other employee costs ( <i>specify</i> )		
<b>Employee costs</b>	<b>1,618,000</b>	<b>1,015,000</b>

**11. Board of Management Expenses**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	112,000	29,000
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
<b>Total</b>	<b>112,000</b>	<b>29,000</b>

**12. Depreciation and Amortization Expense**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	587,000	587,000
<b>Total depreciation and amortization</b>	<b>587,000</b>	<b>587,000</b>

**13. Repairs And Maintenance**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	97,700	843,000
Medical equipment	423,200	
Office equipment		5,100
Furniture and fittings	58,000	
Computers and accessories		50,000
Motor vehicle expenses		55,000
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>578,900</b>	<b>953,100</b>

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

**14. Grants And Subsidies**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Other grants and subsidies-Special Purpose Account	4,652,600	311,700
<b>Total grants and subsidies</b>	<b>4,652,600</b>	<b>311,700</b>

**15. General Expenses**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	123,100	20,200
Catering expenses	10,000	
Waste management expenses		
Insecticides and rodenticides	175,000	63,500
Bank charges	22,394	21,176
Electricity expenses	121,528	109,469
Fuel and Lubricants	520,500	31,200
Travel and accommodation allowance		70,000
Domestic Travel		46,000
Licenses and permits		
Courier and postal services		
Printing and stationery	2,157,050	1,231,934
Water and sewerage costs	102,300	
Telephone and mobile phone services	314,700	77,600
Internet expenses	59,100	
Staff training and development		
Other Fuels	134,900	20,000
Hospital Committee Expenses		
Computer Accessories		70,000
Purchase of Households	50,000	
<b>Total General Expenses</b>	<b>3,790,571</b>	<b>1,761,079</b>

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

**16. Cash And Cash Equivalents**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Current accounts	180,559	131,342
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalents</b>	<b>180,559</b>	<b>131,342</b>

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative bank of Kenya	01141076464600	180,559	131,342
<b>b) Others(specify)</b>			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
<b>Sub- total</b>			
<b>Grand total</b>		<b>180,559</b>	<b>131,342</b>

17. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	10,981,468	
Less: impairment allowance		
<b>Total receivables</b>	<b>10,981,468</b>	

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs	% of the total	Kshs	% of the total
	FY 2024-2025	% of the total	FY 2023-2024	% of the total
Less than 1 year	10,981,468	100%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
<b>Total (a+b)</b>	<b>10,981,468</b>	<b>%</b>	<b>-</b>	<b>%</b>

**18. Receivables From Non-Exchange Transactions**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	0	0
Less: impairment allowance		
<b>Total</b>	<b>0</b>	<b>0</b>

**Analysis of Receivables From Non-Exchange Transactions**

Description	FY 2024-2025		FY 2023-2024	
	Kshs	% of the total	Kshs	% of the total
	<b>FY 2024-2025</b>	<b>% of the total</b>	<b>FY 2023-2024</b>	<b>% of the total</b>
Less than 1 year	10,981,468	100%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
<b>Total (a+b)</b>	<b>10,981,468</b>	<b>%</b>	<b>-</b>	<b>%</b>

**19. Inventories**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	102,000	105,000
Laboratory Supplies	90,000	61,800
Food supplies	70,000	340,000
Non Pharmaceuticals	78,600	
Cleaning materials supplies		
General supplies		54,000
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>340,600</b>	<b>560,800</b>

**Detailed disclosure on inventories**

	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
<b>Opening balance</b>	<b>560,800</b>	<b>125,000</b>
Additional Inventory in the year	29,078,222	14,610,796
Inventory expensed in the year	29,262,522	14,134,496
Write-downs in the year	35,900	40,500
<b>Closing balance</b>	<b>340,600</b>	<b>560,800</b>

*Ndiru Level Four Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

*Notes to the Financial Statements (Continued)*

**20. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>		2%	12.5%	30.0%	12.5%	
At 1 July 2023	3,400,000	7,400,000	360,000	230,000	2,600,000	13,990,000
Additions						-
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-				-
Revaluation Adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	<b>3,400,000</b>	<b>7,400,000</b>	<b>360,000</b>	<b>230,000</b>	<b>2,600,000</b>	<b>13,990,000</b>
At 1 July 2024	3,400,000	7,400,000	360,000	230,000	2,600,000	13,990,000
Additions						-
Disposals	-	-	-	-	-	-
Transfer/adjustments						-
Revaluation Adjustments						-
<b>At 30<sup>th</sup> Jun 2025</b>	<b>3,400,000</b>	<b>7,400,000</b>	<b>360,000</b>	<b>230,000</b>	<b>2,600,000</b>	<b>13,990,000</b>
<b>Depreciation and impairment</b>						

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	Land	Buildings and Civil works	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 1 July 2023	-	148,000	45,000	69,000	325,000	587,000
Depreciation for the year	-	148,000	45,000	69,000	325,000	587,000
Disposals		-	-	-	-	-
Impairment						-
<b>At 30 June 2024</b>	-	296,000	90,000	138,000	650,000	1,174,000
At July 2024	-	296,000	90,000	138,000	650,000	1,174,000
Depreciation	-	148,000	45,000	69,000	325,000	587,000
Disposals						-
Impairment						-
Transfer/adjustment		-	0	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	444,000	135,000	207,000	975,000	1,761,000
<b>Net book values</b>						
At 30 <sup>th</sup> Jun 2024	3,400,000	7,104,000	270,000	92,000	1,950,000	12,816,000
At 30 <sup>th</sup> Jun 2025	3,400,000	6,956,000	225,000	23,000	1,625,000	12,229,000

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

**21. Trade and other Payables**

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	5,787,470		1,029,540	
Employee dues			453,656	
Third-party payments (e.g. unremitted payroll deductions)			588,000	
<b>Total trade and other payables</b>	<b>5,787,470</b>		<b>2,071,196</b>	
<b>Ageing analysis:</b>	<b>FY 2024-2025</b>	<b>% of the Total</b>	<b>FY 2023-2024</b>	<b>% of the total</b>
Under one year	3,936,474	68%	2,071,196	
1-2 years	1,850,996	32%		0%
2-3 years		0%		0%
Over 3 years		0%		0%
<b>Total</b>	<b>5,787,470</b>	<b>100%</b>	<b>2,071,196</b>	<b>100%</b>

*Ndiru Level Four Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Notes to the Financial Statements (Continued)

22. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	6,507,211	(4,177,306)
<b>Adjusted for:</b>		
Depreciation	587,000	587,000
<b>Working Capital adjustments</b>		
Increase in inventory	220,200	(435,800)
Increase in receivables	(10,981,468)	851,850
Increase in deferred income	3,716,274	1,557,440
Increase in payables		
<b>Net cash flow from operating activities</b>	<b>49,217</b>	<b>(1,616,816)</b>

**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
<b>At 30 June 2024</b>				
Receivables from exchange transactions		-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	131,342	-	-	-
<b>Total</b>	<b>131,342</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	10,981,468	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	180,559	-	-	0

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**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. There is no significant concentration of credit risk on amounts due from any individual customer or group of customers. 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
<b>At 30 June 2024</b>				
Trade payables	2,071,196			2,071,196
Employee benefit obligation				-
<b>Total</b>	<b>2,071,196</b>	<b>-</b>	<b>-</b>	<b>2,071,196</b>
<b>At 30 June 2025</b>				
Trade payables	5,787,470		1,850,996	7,638,466
Employee benefit obligation				-
<b>Total</b>	<b>5,787,470</b>	<b>-</b>	<b>1,850,996</b>	<b>7,638,466</b>

**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.

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

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.

**Ndiru Level Four Hospital (Homabay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

**iv) Capital Risk Management**

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

Description	FY 2024-2025	FY 2022-2023
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	3,954,157	(2,553,054)
Capital reserve	13,990,000	13,990,000
<b>Total funds</b>	<b>17,944,157</b>	<b>11,436,946</b>
Total borrowings	0	-
Less: cash and bank balances	180,559	(131,342)
Net debt/ ( <i>excess cash and cash equivalents</i> )	(180,559)	<b>(131,342)</b>
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**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.

Homa Bay County Government is the principal shareholder of the Ndiru Level 4 Hospital, holding 100% of the hospital'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. Events after the Reporting Period**

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

**26. Ultimate and Holding Entity**

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

**27. Currency**

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

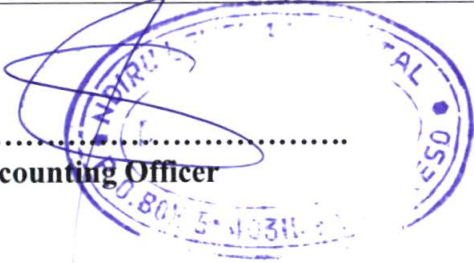
**20. Appendices**

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

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

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

.....  
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	N/A					
2						

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A						
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 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

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

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

*Ndiru Level Four Hospital (Homabay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**Appendix IV Reporting of Climate Relevant Expenditures**

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

*Ndiru Level 4 Hospital (Homa Bay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**Appendix V: Disaster Expenditure Reporting Template**

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