

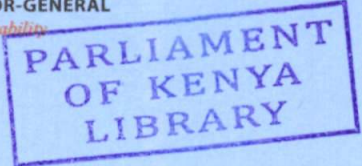
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT



PAPERS LAID	
DATE	25/2/26
TABLED BY	Majority leader
COMMITTEE	—
CLERK AT THE TABLE	Poly carp

OF \$10

THE AUDITOR-GENERAL

ON

MIRIU LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2025**

HOMA BAY COUNTY GOVERNMENT

012



MIRIU Level 4 HOSPITAL (Homa bay County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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	xi
5. Chairman’s Statement	xiv
6. Report of The Medical Superintendent	xvi
7. Statement of Performance Against Predetermined Objectives	xviii
8. Corporate Governance Statement	xxi
9. Management Discussion and Analysis	xxiii
10. Environmental And Sustainability Reporting	xxv
11. Report of The Board of Management	xxix
12. Statement of Board of Management’s Responsibilities	xxx
13. Report of the Independent Auditor (<i>Miriu Level 4 Hospital</i>)	xxxii
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30th 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	7
20. Appendices	40

1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
CO	Clinical Officer
HRIO	Health Records Information Officer
HAO	Hospital Administrative Officer
CHEW	Community Health Worker
UHC	Universal Health Care
NHIF	National Hospital Insurance Fund
QIT	Quality Improvement Team
BOM	Board of Management
PHO	Public Health Officer
MOH	Ministry of Health
PFM	Public Finance Management
SACHAO	Senior Assistant Chief Health Administrative Officer
F.I. F	Facility Improvement Fund
SHA	Social Health Authority
SHIF	Social Health Insurance Fund

2. Key Entity Information and Management

(a) Background information

Miriu Level Hospital is a level 4 hospital established under gazette notice number 1305 in November 4, 2022 and is domiciled in Homa bay County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

- (i) Provide affordable and accessible universal health coverage
- (ii) To modernize infrastructure, machinery and equipment
- (iii) To attain financial sustainability
- (iv) To strengthen human resource capability
- (v) To develop facility health management information system

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Mr. Ayier Kennedy
2.	Head of finance	Mr. Rastus Osare
3.	Hospital Administrator	Mr. Jared Magati
4.	Nursing Officer	Mr. George Odhiambo

(e) Fiduciary Oversight Arrangements

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Mr. Ayier Kennedy
2.	Head of finance	Mr. Rastus Osare
3.	Health Administrative Officer	Mr. Jared Magati
4.	Nursing Officer	Mr. George Odhiambo

(a) Fiduciary Oversight Arrangements

Increasingly, hospitals and health systems, along with the individuals serving on their committees and governing boards, are seeing the need for prudent oversight of their organizations. Due to a rising number of lawsuits, trustees need to ensure that their organizations are taking proactive steps to protect their organizations and themselves. Miriu Level 4 Hospital, being a government entity has formed various committees to ensure robust fiduciary oversight.

i. Quality Improvement Team

Quality Improvement Team (QIT) is a team taking lead to implement quality improvement activities. Group of multi skilled employee charged with responsibilities of improving processes or services. The team include top and middle management members to coordinate initial planning and implementation.

The members include;

- a) Mr. Kennedy Ayier– Chairperson
- b) Jared Magati - HAO – Secretary
- c) Mr George Odhiambo (Nurse In charge)
- d) Kevin Magai- Pharm Tech

ii. Emergency Response Team

Hospital Emergency Response Teams (HERT) is comprised of multi disciplines and specialtiesthat activate and respond during emergencies. The team is responsible for Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, decontamination, detection& monitoring and movement of patients into the facility or on to other definitive medical care.The members are;

- a. Mr. Kennedy Ayier– Chairperson
- b. Jared Magati - HAO – Secretary
- c. Mr George Odhiambo (Nurse In charge)
- d. Mr Elisha Ogilo- MLO

iii. Medicines and Therapeutic Committee

The Medicines and Therapeutics Committee (MTC) is a multidisciplinary committee responsiblefor overseeing policies and procedures related to all aspects of medicines and other HPT use.Medicines and therapeutics committees (MTCs) is formed in the hospital to improve prescribing anddispensing processes of medicines. Its importance appears in different aspects such as drug selection process, cost-effectiveness, and control of drug losses. Altogether, MTCs have shown an important role in promoting, controlling and educating activities of rational drug use. This is mostly manifestedin demonstrating how the presence of MTCs in hospitals would improve patient’s health outcomes and decrease overall drug expenditures.

The members are;

- a) Mr. Kennedy Ayier– Chairperson
- b) Mr George Odhiambo- Secretary
- c) Mr Elisha Ogilo- Lab Tech
- d) Kevin Magai- Pharm Tech

iv. Billing and Waiver Committee

The billing and waiver committee is responsible for tracking patient bills to ensure that correct bills are paid and those unable to pay are waived in line with the government policy.

The members are;

- a) Mr. Kennedy Ayier – Chairperson
- b) Mr. Jared Magati - SACHAO – Secretary
- c) Mr George Odhiambo (Nurse In charge)
- d) M/s Joy Aremo - CHEW
- e) Mr. Rastus Osare - Accountant

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

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future.

The members are;

- a) Mr. Kennedy Ayier – Chairperson
- b) Mr. Kevin Magai - Pharm Tech
- c) Mr George Odhiambo (Nurse In charge)
- d) Mr Elisha Ogilo- MLO

vi. Hospital Management Committee

Oversight roles and resource mobilization to the facility

vii. Hospital Management Team

Runs the facility through ensuring that all procedures are adhered to through monthly HMT meetings

viii. Hospital finance Committee

Goes through departmental budget proposals and ensure the allocations are done putting into consideration priorities.

Key Entity Information and Management (continued)

Entity Headquarters

P.O. Box 47-40301
Kendu- Katito
Road/HighwayKendu
Bay, KENYA

g) Entity Contacts

Telephone: (+254)
721865585E-mail:
miriu@yahoo.com
Website: www.go.ke

h) Entity Bankers

Kenya
Commercial Bank
Oyugis Branch
P.O Box Oyugis,
Kenya

i) Entity Bankers

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


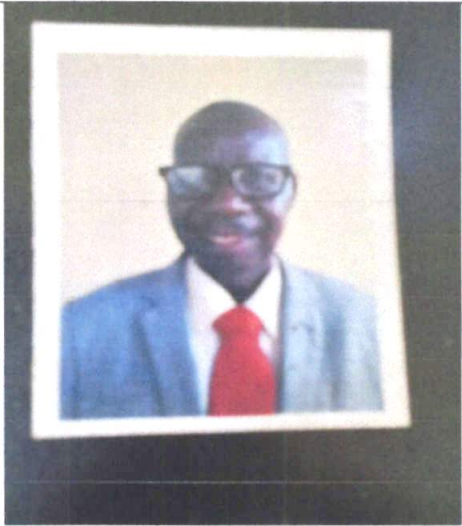
k) County Attorney


Homa Bay County Assembly,
P.O. Box. 469-40300,
Homabay, Kenya

Key Entity Information and Management (continued)

3. The Board of Management

Ref	Directors	Details
1.	 Mr. Benson Dudi	44 years old Bachelor of Commerce and Post graduate diploma in Financial Management and Marketing. Chairman of the Board
2.	 Mr. Kennedy Ayier	45 years Diploma in Clinical Medicine Medical superintendent
3.	 Mrs. Zenah Adhiambo	40Years old Diploma In Hospitality Management

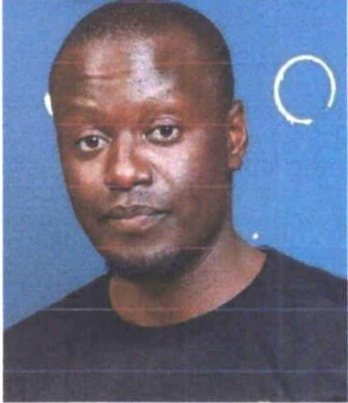

4.	 Mrs. Benta Adoyo	42 Years Masters in Education 20 years in teaching profession
5.	 Mr. Rome Ogana	72 Years Theology 32 years in Pastor hood

6.	 <p>Mr. Rodgers Omomdi</p>	<p>Age: 43 Diploma In Community Development 23 years in social work</p>
----	---	---

4. Key Management Team

Ref	Management	Details
1.	 <p>Mr. Ayier Kennedy (Diploma in Clinical Medicine)</p>	<p>Medical superintendent</p>
2.	 <p>Mr. Jared Omwoyo Magati (Masters of arts in Economics)</p>	<p>Hospital Administrator</p>
3.	 <p>Mr. George Odhiambo (Bachelor of Science Nursing)</p>	<p>Nursing officer in charge</p>

4.	 <p>Mr. Rastus Osare (Masters in Business Administration- Finance)</p>	Hospital Accountant
5.	 <p>Mrs. Mercy Achieng (Diploma in Nutrition and Dietetics)</p>	Hospital Nutritionist
6.	 <p>Mr. Kevin Magai (Diploma in Pharmaceuticals Technology)</p>	Pharmaceutical Technologist

7.	 <p>M/s Joyce Aremo (Diploma in social work)</p>	Community Health Worker
8.	 <p>Mr. Elisha Ogilo (Bsc Laboratory science)</p>	Laboratory Technologist
9.	 <p>M/s Emmaculate Okota (Health Records Officer)</p>	Diploma in Health Records

5. Chairman's Statement

I am glad to offer the Miriu Level 4 Hospital's Annual Report and Financial Statements for the fiscal year ended June 30, 2025. The Board of Management is proud of the hospital's achievements over this time period in "offering high quality and integrated medical care services that are affordable and accessible". Given the size and complexity of the operational environment in Homa Bay County, I am particularly impressed by the staff's "can-do attitude" and dedication to provide the best possible service to patients.

I. Regulatory Environment

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment.

In addition, the Health Act 2016 establishes a unified health system that coordinates the inter-relationship between the national government and county government health systems, provides for regulation of health care services and health care service providers, health products and health technologies for connected purposes. It also provides for Health financing; Research; E-Health; Human organs and tissue transplant; Traditional and alternative medicine; Mental; Environmental and Public health; Standards of health; Reproductive health; and Emergency treatment. With this in mind, and the strategic placement of Miriu Level 4 Hospital in the health sector, the Board is committed to ensure continued quality service delivery to the citizens.

Sector Alignment

At the National level, universal healthcare (UHC) is one of the big four agenda. The agenda aims to provide affordable healthcare for all households through NHIF scheme. The Kenya Vision 2030 aims at creating a globally competitive and prosperous country by providing a high quality of life for all its citizens. Under the social pillar, the overall goal of the Health Sector is to provide equitable, affordable and quality healthcare to all citizens.

I. Acknowledgement

On behalf of the Board, I'd like to thank all of our stakeholders, particularly the Homa Bay County Government, the Ministry of Health, the National Hospital Insurance Fund, and our development partners, for their continued support of the hospital, without which none of our achievements would be possible. As we begin the new year, I'd want to congratulate Miriu Level 4 Hospital's team leaders, specialists, staff, and board on their dedication and daily exemplification of our hospital's goals and beliefs. Finally, as with prior years, I am certain that our approach and individuals will continue to drive our development.



.....
Name: Benson Dudi

Chairman to the Board



6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year ended 2024/2025. The report highlights the hospitals operational and financial performance as well as our strategic direction.

I. Operational Performance

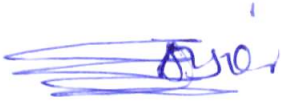
The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists of medical practice who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centered services. We also involve Community health promoters who primarily work with patients in the rural to educate the people on the importance of seeking medical attention from the facility whenever they feel unwell or are expecting hence making the patients inflow to improve. In the period under review the hospital attended to 6,930 patients of whom 630 were inpatients and 6,300 were outpatients. This was an increase of 4% outpatients and 5% inpatients attendance in comparison to the previous periods. During the year, the surgical team successfully demonstrated clinical effectiveness by reduction of mortality rate. The major challenges that we have as a facility is lack of generator that can help us enhance our performance during black outs. Though we have solar system in place, but it has got a worn-out battery which is very costly to replace. We also have staff shortage in almost all the departments which in turn affects the operation of the facility making the operations not to take place 24/7. On the other hand, we are facing challenges of delays in reimbursement of the SHA hence making us to have shortages in both pharmaceuticals. Non pharmaceuticals and lab reagents supply. We also have challenges in referrals should one happen since we don't have hospital ambulance forcing the facility to share with Kendu Bay Sub County hospital which sometimes do not come for that referral in time.

The hospital has tried their level best and written to the Sub County nurse in charge if we can have some more nurses from the county government to bridge the gap. On the case of hospital ambulance, the hospital through the area MCA had gone the governor on the same whom promised us to avail the ambulance for the facility as soon as possible to help during referrals. Lastly, the County government in consultation with the manager SHA Homa Bay

branch promised to ensure that they will ensure that reimbursement is made on time for easy operations of the facility.

II. Financial Review

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost-sharing revenue. During the period under review, the hospital generated Kshs. 440,548 from F.I.F and ksh. 19,627,509 for SHA totalling to ksh. 20,068,057 against a budget target of Kshs. 36 million This is far much below our expectation though leading to an increase of about 20% above the previous year's internally generated revenue. The facility is looking forward to better their services to increase the patient's ratio hence revenue shall have been increased.



.....
Name: Ayier Kennedy
Secretary to the Board

25-11-2025



7. Statement of Performance Against Predetermined Objectives

Miriu Level 4 Hospital has 5 strategic pillars and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars are as follows:

Pillar 1: To offer quality healthcare services under one roof in a most effective and efficient for the satisfaction of the customer.

Pillar 2: Modernize infrastructure machinery and equipment

Pillar 3: To attain financial sustainability

Pillar 4: To strengthen the human resource capacity

Pillar 5: To develop the facility health

Miriu Level 4 Hospital develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. To Provide Integrated Accessible and Quality Healthcare Services	To offer quality Health Services under one roof in a most effective and efficient to the satisfaction of the customer	To reduce referrals to other facilities. -To diversify range of services offered by Miriu Level 4 Hospital. -To fast-track efficiency and staff satisfaction with modern facility.	-Establish quality healthcare standards. (accreditation) -Strengthen client follow up mechanism and systems (Referral clinics established). -Strengthen partnership with	Improved quality of healthcare. -Expanded client base. -Improved facility reputation. -Strengthened partnership with communities,

			communities, public and private sectors. -Initiate provider driven insurance. To develop a master plan.	public and private sector.
2. Modernise infrastructure, machinery and equipment	-To develop an infrastructure master plan. -Fully equip the facility		-Develop a master plan. -Obtain equipment and maintain through the MESS program	Investor identified by the county government to help with development of master plan
3. To attain financial sustainability		-Cost rationalization. Institutionalize resource mobilization. -Enhance internal control mechanism. -Diversification of revenue generation streams.	Conduct market survey for costing of commodities during the tendering process. -Incorporating various modes of revenue generation cash, N.H.I.F, Edu Afya.	-All our clients are able to receive services irrespective of mode of healthcare financing

			-Upgrade health instruction software to improve internal control and hence revenue collection.	
4. To strengthen the human resource capacity.		-Staff retention. Full potential and optimal utilization of staff. -To enhance Hospital performance by training and motivation of staff. -Upscale leadership and management for increased performances -Focus on partnership with other Health Service Providers for technical support.	Keep staff informed of any development in the hospital through circulars and holding regular meetings. Holding weekly continuous medical education. Staff appraisal system in place.	Improved service delivery. Improved staff retention.

		-Up scaling quick and efficient service delivery.		
5. Developing facility Health Management Information System.	To develop facility Health Management Information System.	-ICT systems in place. -Build staff ICT capacity. -Improve access to ICT materials	Upgrade ICT systems. -Build staff ICT capacity by training. -Improve access to IEC materials.	Efficient data collection, management and dissemination.

The above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual workplan is done on a quarterly basis. The *facility* achieved its performance targets set for the FY2024/2025 period for its five strategic pillars, as indicated in the diagram above:

8. Corporate Governance Statement

The Miriu Level 4 Hospital Board of management have responsibilities, Functions, structures and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

Appointment and Induction of Board Members

Appointment of Board members is as prescribed under the County Government’s finance Bill, 2012.

Role of the Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board of management. The board through its committees provide strategic direction while the Facility in-charge assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

Board Meetings Attendance

In the financial year ended 2024/2025, Board meetings held were strictly as per the Board committees and full Board. There were no special meetings.

Board Committees

- a) Finance and General-Purpose committee
- b) Quality and curative committee

Conflict of interest

Declaration of conflict of interest is a standing agenda in all meetings of the Board and its committees.

9. Management Discussion and Analysis

Over the past three fiscal years, Miriu Level 4 Hospital has maintained a consistent bed capacity of 60 beds. This stability has allowed us to focus on optimizing the utilization and efficiency of our existing resources.

In terms of patient attendance, the hospital has seen a significant increase in inpatient numbers, rising from 420 in 2023-2024 to 630 in 2024-2025. This represents a 33% increase over the period. Outpatient attendance, however, showed a slight increase in the most recent year, with numbers increasing from 2,400 in 2023-2024 to 6300 in 2024-2025. This increase may be attributed to various factors, including seasonal variations and the availability of medicine.

The Accident and Emergency department has also experienced changes in attendance. In 2022- 2023, there were 57 cases, which decreased to 50 in 2023-2024 but then increased to 68 in 2024-2025. This increase reflects the hospital's growing role in providing urgent care services. Similarly, specialized clinic attendance has steadily increased, from 1,438 in 2024 to 1,468 in 2025, indicating a rising demand for specialized medical services and the hospital's capability to meet these needs.

The average length of stay for inpatients has shown improvement, decreasing from 6 days in 2023-2024 to 3 days in 2024-2025. This reduction demonstrates improved efficiency in patient care and management. Correspondingly, the bed occupancy rate has increased significantly, reaching 58% in 2024-2025, up from 32% in 2023-2024. This reflects better utilization of hospital resources and an increase in patient admissions.

The hospital's mortality rate has remained low, with a slight increase from 0.4% in 2023-2024 to 0.6% in 2024-2025. Continuous efforts are being made to maintain and further reduce this rate through quality healthcare services.

In terms of partnerships, the hospital has maintained a steady relationship with one key partner over the past three years. This partnership has been crucial in supporting various hospital initiatives and improving service delivery.

Overall, Miriu Level 4 Hospital has demonstrated significant improvements in clinical and operational performance over the past three years. The increase in patient attendance, improved bedoccupancy rates, and reduced average length of stay are indicative of the hospital's commitment to providing high-quality healthcare services. Continuous efforts to address challenges and leverage partnerships will be essential in sustaining and enhancing these achievements

Financial performance

For the financial year under review, the facility raised KES 440,548 from F.I.F which is 8% decrease from the previous F.I.F collection of KES 546,585. and 19,627,509 was Re-imbursed from SHA for the current year under review which is an increase of about 30% from the previous year. During the financial year, the facility had a surplus of KES 19,280,877 as indicated in the financial performance which was 63% increase from the previous financial year. The funds were prudently utilized which had a total of expenditure of KES 19,793,435 as compared to that of the previous financial year that was KES. 6,629,512 as seen from the cash flows of the years. This actually showed an upward trajectory.

.....
Name: Mr. Kennedy Ayier
Secretary to the Board



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The top management especially the accounting officer refers to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure

ii) Environmental performance

The organization has environmental policy in the county environment department guiding the facility. The hospital also manages its waste within the facility through public health in collaboration with the department of environment. During the year under the facility did maintenance for the existing incinerator.

iii) Employee welfare

The hospital implements policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. It also ensures that employees are supported in improving skills and managing careers, appraisal, and reward systems. The organisation has in place policy on safety and compliance with the Occupational Safety and Health Act of 2007, (OSHA.)

Policy guiding hiring process

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which is forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

Efforts made in improving skills and managing careers

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression. Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department. Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement. Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourages them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

Appraisal and reward system

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems is also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans include the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description. The appraisals period covers one (1) year starting 1st July to 30th June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

Reward System

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA) Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, firefighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Firefighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

iv) Market place practices-

The organisation outlined its efforts to:

a) Responsible competition practice.

The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors by competitively awarding contract

b) Responsible Supply chain and supplier relations

The management maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices by ensuring that the suppliers are paid in time. The contracts are fairly awarded to the people leaving with disabilities, youth group and women to fulfil gender based.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The hospital maintains ethical marketing practices. The facility usually carries out community dialogues to sensitize them on the availability of anything new that might need their attention in the hospital.

d) Product stewardship or Awareness Creation

The employees are provided with safety gadgets in the hospital for safety measures. The citizens are made aware of the SHA registration and its benefits. There is plenty of water in the facility through a well-maintained bore hole and overhead tank. A committee of dispute resolution is in place to solve any dispute that might arise.

v) Corporate Social Responsibility / Community Engagements

The hospital management has from time to time provided waiver to patients who are not able to pay hospital bills based on investigations and report done by social services department as stated in the waiver policy.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30th, 2024, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are (continue to be)

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

Results

The results of the entity for the year ended June 30, 2025 are set out on pages 1 to 6

Board of Management

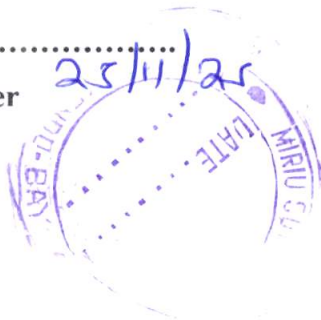
The members of the Board who served during the year are shown on page viii. During the year, none of the members retired.

Auditors

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

By Order of the Board

.....
Name: Mr. Kennedy Ayier
Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Miriu Level 4 Hospital, which give a true and fair view of the state of affairs of Miriu Level 4 Hospital at the end of the financial year/period and the operating results of Miriu Level 4 Hospital for that year. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of Miriu Level 4 Hospital

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of Miriu Level 4 Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of Miriu Level 4 Hospital's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

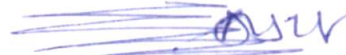
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 11-08-2025 and signed on its behalf by:



.....
Name: Mr. Benson Dadi
Chairperson
Board of Management
25-11-25



.....
Name: Mr. Ayier Kennedy
Accounting Officer
25/11/2025



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MIRIU 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 for Miriu Level 4 Hospital - Homa Bay County Government set out on pages 1 to 40, which comprise of the statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of Miriu 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 International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012, County Government Act 2012, the Health Act, 2007.

Basis for Qualified Opinion

1. Long Outstanding Receivables

The statement of financial position as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.16,867,680. Included in this balance is Kshs.2,474,200 that is outstanding from the defunct National Hospital Insurance Fund (NHIF) and carried forward from the prior year. Management has not made any provisions of doubtful debts and the recoverability of the balance is doubtful.

In circumstances, the accuracy, completeness and recoverability from non-exchange transactions could not be confirmed.

2. Unsupported General Expenses

The statement of financial performance as disclosed in Note 15 to the financial statements reflects general expenses of Kshs.3,796,660. However, procurement records, including requisition approvals, requests for quotations, evaluation minutes, inspection and acceptance reports, and stock records to support the payments, were not availed for audit verification. Further, the audit revealed that the Hospital does not maintain an approved list of prequalified suppliers, making it unclear how the paid suppliers were engaged by the Hospital without official invitations to tender or requests for quotation. Review of the supporting ledger revealed that payments lacked adequate descriptions of the nature, quantity, or quality of goods and services procured. There was also no clear segregation of duties among the procurement, stores, and accounts sections. In the circumstances, the accuracy, completeness, and regularity of general expenses amounting to Kshs.3,796,660 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Miriu Level 4 Hospital – Homa Bay County Government Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in

Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on a comparable basis of Ksh.43,129,731 and Kshs.27,197,788 respectively resulting in under funding of Kshs.15,931,943 or 37% of the budget. Similarly, the Hospital expenditure amount Kshs.26,923,166 against the realized receipt of Kshs.27,197,788 resulting in an under-utilization of Ksh.274,622 or 1% of the actual receipts

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Retain Facilities Improvement Funds at the Hospital

Review of revenue records obtained from the Miriu Level IV Hospital revealed total collection of Kshs.20,068,057 towards the health facilities improvement. Out of this amount, a total of Kshs.14,946,000 was transferred to Special Purpose Account at the health department. However, Special Purpose Account reimbursed a total of Kshs.12,490,958 to the health facilities resulting in a deficit of Kshs.2,455,042. 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.

2. Underpayment of Casual Workers

The statement of financial performance reflects employee costs of Kshs.1,018,000. An analysis of the payroll and payment vouchers provided revealed that the Hospital had a total of 10 staff on casual basis and who were paid way below the minimum wage for skilled workers contrary to Regulation of Wages (General) (Amendment) Order, 2024 schedule stipulates the basic minimum monthly wages (exclusive of housing allowance) for different cadres of employees.

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

3. Failure to Open Facility and Improvement Bank Account

Review of the bank account documents revealed that Management has only one operations account and has not opened a facility improvement bank account as required by the law.

In circumstances, Management was in breach of the Law.

4. Non-Compliance with Universal Health Coverage Requirement for Level 4 Hospitals

Review of Miriu Hospital operations and records revealed that the facility operated below the set standards as per the Kenya Quality Assurance Model for Health Checklist for level 4 hospitals. The following deficiencies in implementation of Universal Health Care program were observed:

4.1 Inadequate Staffing Requirements

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

Category	Recommended as per Kenya Quality Model for Health Checklist	In place (No)	Variance
Medical Officers	20	5	15
Anesthesiologists	3	0	3
General Surgeons	3	0	3
Gynecologists	3	0	3
Pediatricians	3	0	3
Radiologists	2	0	2
Kenya Registered Community Health Nurses	151	8	143
Total	185	31	154

4.2 Inadequate Level 4 Hospital Equipment

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

Equipment	Standard	Observed	Variance
Wards Bed capacity	300	20	280
Functioning ICU	6	0	6
Functioning HDU	6	0	6
Operational theatres	4	0	4
New Born Unit-Incubators	6	0	6
Total	322	62	260

Further the hospital had only one ambulance whose log book was not provided for audit. The deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya 2010 may not be achieved. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

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

5. Failure to Retain Revenue Raised by the Hospital

The statement of financial performance reflects rendering of services – medical service income of Kshs.20,068,057 as disclosed in Note 7 to the financial statements. Audit review revealed that Section 17(1) of the Homa Bay County Health Facility Improvement Financing Act, 2023 provides that 20% of the revenue for Level 4 facilities and above shall be retained in the County Special Purpose Account (SPA) and 80% remitted back to the respective facility within fourteen days from the date of receipt. However, analysis of the hospital cashbook and bank statements revealed that out of actual receipts totalling Kshs.20,068,057 only Kshs.12,490,958 (62%) was remitted back from the County SPA instead of the required 80% (Kshs.16,054,446), contrary to the above provision.

In circumstances, Management was in Breach of the Law.

5. Weaknesses in Management and Control of Pharmaceutical Supplies

The statement of financial position as disclosed in note 18 to the financial statements reflects Kshs.2,783,013 in respect to inventory of pharmaceutical or non-pharmaceuticals supplies. However, review of the stores records and physical inspection revealed significant weaknesses in the management of inventories as detailed below:

5.1 Non-Compliance with Pharmacy and Poison Board Requirements

No evidence was provided indicating whether the facility's pharmacy was registered with the Pharmacy and Poisons Board (PPB) as required by Section 6(1) of the Pharmacy and Poisons Act, Cap 244 of the Laws of Kenya.

5.2 Weaknesses in Stock Control System

Records examined revealed that the hospital received pharmaceuticals and non-pharmaceuticals products and recorded them on the stock control cards and bin cards. However, once the medical supplies are delivered, they are not inspected and a certificate of compliance issued by the inspection and acceptance committee.

In the circumstances, the effectiveness and efficiency of the Hospitals inventory management could not be confirmed.

6. Long Outstanding Trade and Other Payables

The Statement of financial position and as disclosed under note 21 to the financial statements reflects Kshs.1,757,043 in respect to trade and other payables. Included in this figure however is Kshs.1,216,530 owed to various suppliers that has been outstanding for over two (2) years. The management has not provided any explanation for failure to settle these long outstanding liabilities. 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 is 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 are in compliance, 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 Internal Audit Function and Audit Committee

Audit review of the financial reports and other correspondences revealed that the hospital has not established an internal audit function and an audit committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an audit committee of the hospital. As such the hospital did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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

2. Lack of Key Management Policies and Procedures

Our audit revealed that the Management did not institute policies and procedures to guide key financial and managerial processes and controls for management such as risk management policy and risk management framework, disaster recovery plan or business continuity plan and fire and emergency preparedness policy to guide the operations in the areas of revenue, expenditure, personnel, inventory and liabilities for the effective and efficient running of the hospital, and to cushion and/or guarantee business continuity.

In circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

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

Responsibilities of the Management and 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those Charged with Governance is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how the 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


11 December, 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government	6	7,129,731	5,925,730
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	20,068,057	6,186,992
Miscellaneous Income- Receivables	8	19,341,880	8,400,507
Total revenue		46,539,668	20,513,229
Expenses			
Medical/Clinical costs	9	17,895,906	5,085,441
Employee costs	10	1,018,000	630,000
Board of Management Expenses	11	36,000	93,000
Depreciation and amortization expense	12	153,625	143,125
Repairs and maintenance	13	1,263,000	132,794
Grants and subsidies	14	3,095,600	-
General expenses	15	3,796,660	1,387,790
In Kind		-	5,925,730
Total expenses		27,258,791	13,397,880
Net Surplus / (Deficit) for the year		19,280,877	7,115,349

(The notes set out on pages 7 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 11-08-2025 and signed on its behalf by:



Chairman

Board of Management

ROSEMARY A. A. A.

25-11-25



Head of Finance

ICPAK No:

PAULINE D. D. D.

25-11-25



Medical Superintendent

KENNETH ATILU

25/11/2025


Miri Level 4 Hospital (Homa bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	442,093	167,470
Receivables from exchange transactions	18	19,341,880	2,474,200
Receivables from non-exchange transactions	17	-	-
Inventories	18	2,783,013	845,314
Total Current Assets		22,566,986	3,486,984
Non-current assets			
Property, plant, and equipment	19	5,965,250	6,148,613
Intangible assets	20	3,500	14,000
Total Non-current Assets		5,968,750	6,162,613
Total assets (A)		28,535,736	9,649,597
Liabilities			
Current liabilities			
Trade and other payables	21	1,757,043	2,122,043
Total Current Liabilities		1,757,043	2,122,043
Total Liabilities (B)		1,757,043	2,122,043
Net assets (A-B)		26,778,693	7,527,554
Represented by:			
Accumulated surplus/Deficit		20,540,193	1,289,054
Capital Fund		6,238,500	6,238,500
Net Assets		26,778,693	7,527,554

(The notes on pages 7 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 11-08-2025 and signed on its behalf by:



Chairman
Board of Management

B 12402 ADA
 25/11/2025



Head of Finance
ICPAK No:

PAITV
 25/11/25 2




Medical Superintendent

KEANDA / AJIM
 25-11-2025

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	-	(215,626)	-	(215,626)
Surplus/(deficit) for the year	-	1,474,942	-	1,474,942
Capital/Development grants	-	-	6,238,500	6,238,500
As at June 30, 2024	-	1,259,316	6,238,500	7,497,816
At July 1, 2024	-	1,259,316	6,238,500	7,497,816
Surplus/(deficit) for the year	-	19,280,877	-	19,280,877
Capital/Development grants	-	-	-	-
At June 30, 2025	-	20,540.193	6,238,500	26,778,693

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Rendering of services- Medical Service Income		20,068,057	546,585
Miscellaneous receipts		-	5,926,307
Total Receipts		20,068,057	6,472,892
Payments			
Medical/Clinical costs		10,650,175	4,601,378
Employee costs		1,018,000	503,000
Board of Management Expenses		36,000	93,000
Repairs and maintenance		1,197,000	132,794
Grants and subsidies		3,095,600	-
General expenses		3,796,660	1,299,340
Total Payments		19,793,435	6,629,512
Net cash flows from operating activities	22	274,622	(156,620)
Cash flows from investing activities			
Purchase of property, plant, equipment		-	13,000
Purchase of intangible assets		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		274,622	(169,620)
Cash and cash equivalents as at 1 July	16	167,471	337,091
Cash and cash equivalents as at 30 June	16	442,093	167,471

Miri Level 4 Hospital (Homa bay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	167,471	0	167,471	0	-	
Receipts						
Transfers from the County Government	7,129,731	0	7,129,731	7,129,731	-	100%
Rendering of services- Medical Service Income	3,600,000	0	3,600,000	440,548	3,160,452	12%
Miscellaneous receipts income	32,400,000	0	32,400,000	19,627,509	12,772,491	61%
Total receipts	43,129,731	0	43,129,731	27,197,788	15,931,943	63%
Payments						
Medical/Clinical costs	16,566,881	0	16,566,881	17,779,906	(1,213,025)	107%
Employee costs	1,194,000	0	1,194,000	1,018,000	176,000	85%
Remuneration of directors	114,000	0	114,000	36,000	78,000	32%
Repairs and maintenance	3,611,000	0	3,611,000	1,197,000	2,414,000	33%
Grants and subsidies	7,129,731	0	7,129,731	3,095,600	4,034,131	43%
General expenses	14,514,119	0	14,514,119	3,796,660	10,717,459	26%
Total Operational Expenditure paid	43,129,731	0	43,129,731	26,923,166	16,206,565	63%
Capital Expenditure paid	0	0	-	0	-	
Surplus	-	0	-	274,622		

Budget and cash flow statement Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	274,622
1	Add: Budget carryovers from the previous year	167,471
	Closing Cash and Cash Equivalent as per the statement of Cash flows	442,093

19. Notes to the Financial Statements

1. General Information

Miriu Level 4 Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Homa Bay County Government and is domiciled in Homa Bay County in Kenya. The entity's principal activity is to provide affordable and accessible universal health coverage.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **28/05/2024**. 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 *entity'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 *one* years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages		
Laboratory Supplies	985,865	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	6,143,866	5,925,730
Utility bills		
Total grants in kind	7,129,731	5,925,730

7. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	130,477	164,670
Non-Pharmaceuticals	17,485	-
Laboratory	189,498	225,005
Outpatient Services	-	57,940
Inpatient Services	37,230	29,425
Health Records	65,858	69,545
Ambulance services		
Insurance Recoveries	19,627,509	5,640,407
Total revenue from the rendering of services	20,068,057	6,186,992

8. Miscellaneous Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Receivables	19,341,880	5,926,307
Miscellaneous income as per the Statement of Comprehensive Income	19,341,880	2,474,200
Add: Receivables from Special purpose account	-	-
Less: transfer to special purpose account	-	-
Miscellaneous income as per the Statement of Comprehensive income	19,341,880	8,400,507
Less: Receivables	19,341,880	2,474,200
Miscellaneous income as per the Statement of Cash flow	0	5,926,307

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	339,500	320,000
Public health activities	-	
Food and Ration	2,073,000	1,096,132
Beddings and lincn	338,000	-
Dressing and non-pharmaceuticals	2,309,675	1,487,672
Pharmaceutical supplies	1,850,000	664,986
Health information stationery	2,954,000	698,588
Sanitary and cleansing Materials	902,000	334,000
Purchase of Medical gases		
In Kind	7,129,731	484,063
Accrued medical/clinical costs		
Total medical/ clinical costs	17,895,906	5,085,441
		-
Medical Costs as per the Statement of Comprehensive Income	17,895,906	5,085,441
Less: In-kind supplies	7,129,731	484,063
Less: Accrued Expenses	116,000	-
Medical Costs as per the Cash flow Statements	10,650,175	4,601,378

10. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	1,018,000	503,000
Contributions to pension schemes		
Staff medical expenses and Insurance cover		
Other employee costs		
Accrued Employee costs		127,000
Total Employee Costs	1,018,000	630,000
Employee Costs as per the Statement of Comprehensive Income	1,018,000	630,000
Less: Accrued	-	127,000
Employee Costs as per the cash flow	1,018,000	503,000

Notes to the Financial Statements (Continued)

11. Board of Management Expenses

Description	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	36,000	93,000
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	
Total	36,000	93,000

12. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	143,125	129,638
Intangible assets	10,500	7,350
Total depreciation and amortization	153,625	136,988

13. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	627,000	132,794
Medical equipment		
Maintenance of computers	136,000	
Maintenance of office furniture	230,000	
Computers and accessories	270,000	
Total repairs and maintenance	1,263,000	132,794
Repairs and Maintenance Expense as per the Comp Income	1,263,000	132,794
Less Accrued Expenses	66,000	-
Repairs and Maintenance Expense as per the Cash flow	1,197,000	132,794

Notes to the Financial Statements (Continued)

14. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Free cancer screening		
Other grants and subsidies-Special Purpose Account	3,095,600	
Total grants and subsidies	3,095,600	-

15. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		
Waste management expenses		
Insecticides and rodenticides	1,000,000	
Bank charges	38,660	36,110
Electricity expenses	290,000	210,000
Fuel and Lubricants	464,500	330,000
Travel and accommodation allowance	58,000	125,600
Internet expenses		16,500
Courier and postal services		
Water and sewerage costs		
Telephone and mobile phone services	87,000	
House hold and appliances	100,000	
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, Computer and printer accessories		140,000
magazines, and gazette notices		
Other fuel	175,000	16,000
General office	1,583,500	425,130
Accrued general expenses		88,450
Total General Expenses	3,796,660	1,387,790
General Expense as per the Statement of Comprehensive Income	3,796,660	1,387,790
Less Accrued Expenses		88,450
General expenses as per the Statement of Cash flows	3,796,660	1,299,340

Notes to the Financial Statements (Continued)

16. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cash in hand		
Current account	442,093	167,470
Total cash and cash equivalents	442,093	167,470

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		442,093	167,470
Grand total		442,093	167,470

17. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	19,341,880	2,474,200
Less: impairment allowance	-	-
Total receivables	19,341,880	2,474,200

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025	
	Kshs	
	FY 2024-2025	% of the total
Less than 1 year	16,867,680	87%
Between 1- 2 years	2,474,200	13 %
Between 2-3 years	-	0 %
Over 3 years	-	0 %
Total (a+b)	19,341,880	100 %

Analysis of Receivables From Non-Exchange Transactions

18. Inventories

Description	FY 2024-2025 KShs	FY 2023-2024 KShs
Pharmaceutical supplies		410,067
Laboratory supplies		11,450
Food supplies	819,500	55,622
Linen and clothing supplies		
Sanitary and cleaning materials	12,600	
Medical records	162,000	
Non pharmaceuticals	1,741,663	364,579
General office	47,250	445
Less: provision for impairment of stocks	-	-
Total	2,783,013	842,163

Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	842,163	400,267
Additional Inventory in the year	15,144,265	6,254,094
Inventory expensed in the year	13,203,415	5,812,198
Write-downs in the year	-	-
Others specify	-	-
Closing balance	2,783,013	842,163

*Miriu Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)*

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Furniture Fittings and office Equipments	ICT Equipment	Plant and medical equipment	Total
Cost		Shs	Shs.			
At 1 July 2023	2,000,000	4,000,000	100,000	80,000	200,000	6,380,000
Additions			13,000			13,000
Disposals			-	-	-	-
Adjustments for unrecognized assets			-	-	-	-
Revaluation Adjustments			-	-	-	-
At 30th Jun 2024	2,000,000	4,000,000	113,000	80,000	200,000	6,393,000
At 1 July 2024	2,000,000	4,000,000	113,000	80,000	200,000	6,393,000
Additions				-	-	-
Disposals			-	-	-	-
Transfer/adjustments						-
Revaluation Adjustments						-
At 30th Jun 2025	2,000,000	4,000,000	113,000	80,000	200,000	6,393,000
Depreciation and impairment						
At 1 July 2023	-	80,000	12,500	24,000	25,000	141,500
Depreciation for the year	-	80,000	14,125	24,000	25,000	143,125
Disposals				-	-	-
Impairment						-

Miri Level 4 Hospital (Homabay County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2025

At 30 June 2024	-	160,000	26,625	48,000	50,000	284,625
At July 2024	-	160,000	26,625	48,000	50,000	284,625
Depreciation	-	80,000	14,125	24,000	25,000	143,125
Disposals						-
Impairment						-
Transfer/adjustment		-		-	-	-
At 30th June 2025	-	240,000	40,750	72,000	75,000	427,750
						-
Net book values						-
At 30 th Jun 2024	2,000,000	3,840,000	86,375	32,000	150,000	6,108,375
At 30 th Jun 2025	2,000,000	3,760,000	72,250	8,000	125,000	5,965,250

Notes to the Financial Statements (Continued)

20. Intangible Assets-Software

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cost	35,000	35,000
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	35,000	35,000
Amortization and impairment		
At beginning of the year	21,000	10,500
Amortization for the period	10,500	10,500
Impairment loss		-
At end of the year	31,500	21,000
NBV	3,500	14,000

Miriu Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

21. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	1,757,043		1,995,043	
Employee dues	-		127,000	
Total trade and other payables	1,757,043		2,122,043	
Ageing analysis:	FY 2024-2025	% of the Total	FY 2023-2024	% of the total
Under one year	182,000	10%	215,450	33%
1-2 years	358,513	20%	1,422,326	44%
2-3 years	732,263	42%	484,267	23%
Over 3 years	484,267	28%		0%
Total	1,757,043	100%	2,122,043	100%

22. Cash Generated from Operations

	2024-2025	2023-2024
	Kshs	Ksh
Surplus for the year before tax	6,823,817	1,481,079
Adjusted for:		
Depreciation	153,625	136,988
Working Capital adjustments		
Increase in inventory	2,770,078	210,761
Increase in receivables	3,772,998	(2,357,998)
Increase in payables	-159,744	372,549
Net cash flow from operating activities	274,622	(156,620)

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:

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	2,474,000			
Receivables from –non-exchange transactions				
Bank balances	167,470			
Total	2,490,470			
At 30 June 2025				
Receivables from exchange transactions	19,341,880			
Receivables from –non-exchange transactions				
Bank balances	442,093			
Total	19,783,973			

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 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.

Miriu Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)s

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	699,513	1,422,530		2,122,043
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	699,513	1,422,530		2,122,043
At 30 June 2025				
Trade payables	182,000	1,575,043		1,757,043
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	182,000	1,575,043		1,757,043

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

Miriu Level 4 Hospital (Homabay County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

24. Related Party Balances

Nature of related party relationships

Notes to the Financial Statements (Continued)

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

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

25. 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 Homa bay.

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.

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

Guidance Notes:

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



.....
Mr. Ayier Kennedy
Accounting Officer

25/11/2025

