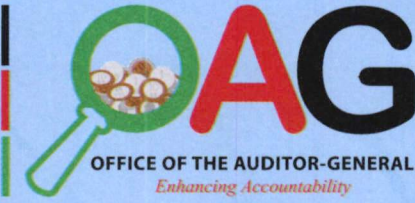


REPUBLIC OF KENYA



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**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

PAPERS LAID	
DATE	RS/R/PC
TABLED BY	SML
COMMITTEE	
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**MADIANY SUB - COUNTY LEVEL 4  
HOSPITAL**

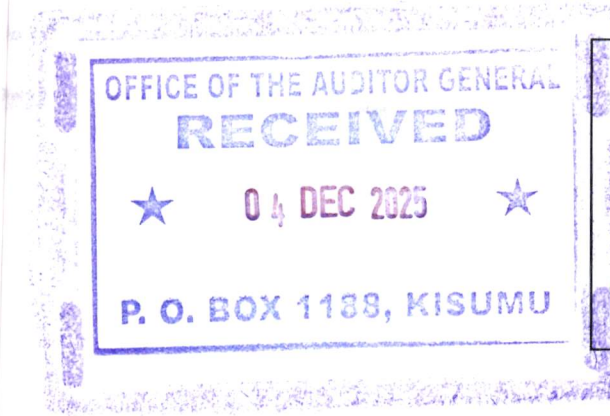
**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT OF SIAYA**



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*Revised 30<sup>th</sup> June 2025*



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**MADIANY SUB-COUNTY HOSPITAL**  
**Level 4 Hospital**  
**(Siaya County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*

## 2. Key Entity Information and Management

### (a) Background information

Madiany Sub-County Hospital is a level 4 hospital established under gazette notice number 1828 and is domiciled in Siaya County under the Health Department. The hospital is usually governed by a Board of Management, but the last Board's contract expired and New Hospital Management Board is yet to be inaugurated.

### (b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide comprehensive healthcare.

**Mission:** To provide quality, affordable and acceptable healthcare services to all.

**Vision:** To provide prompt integrated quality preventive, curative and rehabilitative healthcare services to all.

**Core Values:** Team work, Professionalism, Integrity, Accountability, Partnership, Patient-centered, Equity & Equality and Excellence.

### (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 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Josephine Atieno Nyasoro
2.	Head of Finance	CPA George Odhiambo Omuok
3.	Hospital Administrator	Beatrice Onserio Nyanduko
4.	Nursing Manager	Agripina Muyeku Khaluhi
5.	Laboratory Manager	Evans Otieno Ong'wen
6.	Pharmacy In-Charge	Fredrick Ochieng Owegi
7.	Clinical Officer In-Charge	Abigael Asagi Indure
8.	Records In-Charge	Goretty Atieno Oloo
9.	Biomedical Engineer	Jared David Osewe

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

**(e) Fiduciary Oversight Arrangements**

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

**(f) Entity Headquarters**

P.O. Box 803-40600  
Siaya County Headquarters  
Siaya, Kenya.

**(g) Entity Contacts**

P.O Box 8-40613 Madiany  
Telephone: (+254) 114443283  
E-mail: [madianydh@gmail.com](mailto:madianydh@gmail.com)  
Website: [www.siaya.go.ke](http://www.siaya.go.ke)

**(h) Entity Bankers**

Co-operative Bank of Kenya - Bondo Branch

**(i) Independent Auditors**

Auditor General  
Office of Auditor General  
3<sup>rd</sup> Floor, Anniversary Towers, University Way  
P.O. Box 30084-00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

**(k) County Attorney**




P.O. Box. 803-40600  
Siaya, Kenya

### **3. The Board of Management**

During the period under review, the hospital did not have a functioning Hospital Board of Management in place. The Siaya County Government through the County Assembly is on the final stages of appointing the Hospital Board Members and the hospital awaits its inauguration to resume governance by Hospital Board of Management.

#### 4. Key Management Team

Ref	Management	Details
1.	 <p><b>Dr. Josephine Atieno Nyasoro</b> Medical Doctor Bachelor of Medicine and Bachelor of Surgery (MBChB) with IT <a href="mailto:jnyasorojn@gmail.com">jnyasorojn@gmail.com</a>, Phone: 0718 606299</p>	Medical Superintendent
2.	 <p><b>Agripina Muyeku Khaluhi</b> Bachelor of Science in Nursing (BScN) <a href="mailto:agripinamuyeku@yahoo.com">agripinamuyeku@yahoo.com</a>, Phone: 0729 011165</p>	Nursing Services Manager
3.	 <p><b>Beatrice Nyanduko Onserio</b> Dip. Secretarial Studies <a href="mailto:beaty205@gmail.com">beaty205@gmail.com</a>, Phone: 0720 703596</p>	Health Admin Officer

4.	 <p><b>Evans Otieno Ong'wen</b> BSc. Medical Laboratory Sciences Higher Dip. HSM <a href="mailto:evansongwen@yahoo.com">evansongwen@yahoo.com</a>, Phone: 0724 370934</p>	Laboratory Manager
5.	 <p><b>Fredrick Ochieng Owegi.</b> Diploma Pharmaceutical Technology II <a href="mailto:owegif@yahoo.com">owegif@yahoo.com</a>, Phone: 0727 178091</p>	Pharmacy Manager
6.	 <p><b>CPA George Odhiambo Omuok</b> Bachelor of Commerce (Finance), MSc. Finance CPA, CPS, CIFA <a href="mailto:omuokg@gmail.com">omuokg@gmail.com</a>, Phone: 0724 117029</p>	Hospital Accountant

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

During the period under review, the hospital did not have a functioning Hospital Board of Management in place. The process of getting a new board is currently ongoing.

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

It is with great pleasure that I present to you a summary of Madiany Sub-County Hospital's Annual Report, financial and operational performances for the financial year 2024/25.

### **Operational Performance.**

Madiany Sub-County Hospital proudly provides a variety of specialized medical and surgical services ranging from maternal & child health, paediatrics, minor and major surgical services, medical services, gynecological, mental health, in-patient and rehabilitation among others. With a selfless and dedicated team of healthcare personnel, we offer safe, timely, efficient and effective medical services that are patient-centred to the population we serve, making us the facility of choice to our patients. In this financial year the facility attended to 60,000 patients in total with 80% of them being in-patients. As a result of optimal medical services and more services delivery points initiated, there has been a marked improvement in our catchment population size from the previous 15,403 to 15,723.

In this financial year, the hospital was able to achieve a great milestone through its' management to operationalize its maternity theatre and x-ray services. Both of these are currently up and running and has brought huge relief to the patients seeking the services as they now do not have to travel miles away to get them and timely intervention has led to decline in maternal and neonatal mortality. In the coming financial year, the management is keen on having a dental unit and orthopedic unit set-up to bring the services closer for its patients.

### **Centres of Excellence.**

Madiany Sub-County Hospital has established centre of excellence in TB, HIV and Nursing training and services delivery. The facility boasts as the best in TB diagnosis, treatment and follow-up in the region having been one of the 9 facilities in the country to be stationed with the portable Chest X-ray machines. This has greatly improved the prognosis of patients with regards to the fight against chronic illnesses. Being a one-stop centre for provision of most, if not all, medical services has led to better prognosis and outcomes in the patients we serve.

### **Financial Performance.**

The hospital's operations and maintenance expenses are mainly funded by its' own source revenue and occasionally get support from the county government of Siaya and partners too. In the financial year under review, the hospital generated a total of Kshs. **29,072,690** (inclusive of SHIF/NHIF) which marked a 77% increase in revenues collected in comparison with the last financial year. This can be attributed to the new service delivery points in theatre services and x-ray services, wider variety of medical and laboratory services offered, increased inpatient capacity and the hospital being 24/7 operational. Despite the increase in own source revenue, the hospital's funding gap stands at Kshs. **18,194,174** (total debt receivables comprising of SHIF/NHIF/Linda Mama dues) thus affecting financial sustainability of the hospital. The hospital is closely following up with SHA for reimbursements to aid it clear off its pending debts of Kshs. **2,834,625** as at end of this financial year.

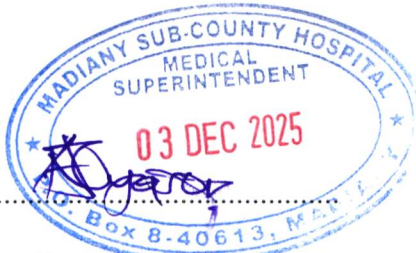
### **Acknowledgement.**

The positive increase in number of patients seeking healthcare services at the hospital serves as a testimony to the love, care and outstanding medical services our dedicated staffs offer to our patients thus providing holistic care and better outcomes and prognosis to the patients. I am highly grateful to all the staffs and management members of the hospital for their unwavering support and dedication to make Madiany Sub-County Hospital reach greater heights. We are also grateful and forever indebted to the hospital's sponsors,

*Madiany Sub-County Hospital, Level 4 (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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donors, partners, stakeholders and Siaya County Government for their support, contributions, dedication and kindness in ensuring Madiany Sub-county Hospital operates smoothly and achieves greater milestones. Be blessed.



**Dr. Josephine A. Nvasoro.**  
**Secretary to the Board.**

## 7. Statement of Performance Against Predetermined Objectives

Madiany Sub-county Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Facelift the hospital’s outlook and improve security

Pillar/theme/issue 2: Improve health services and revenue collection

Madiany Sub-county Hospital develops its annual work plans based on the above 2 pillars/themes. 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 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Facelift the hospital’s outlook and improve security	<ul style="list-style-type: none"> <li>-Improved security of the hospital.</li> <li>-No absconded patients.</li> <li>- Increased staffs and patients morale.</li> <li>-Increased eye clinic patients served.</li> </ul>	<ul style="list-style-type: none"> <li>-Erect chain-link fence around the whole hospital with concrete poles.</li> <li>- Renovate the eye unit.</li> <li>- Replace the hospital’s main gate and mortuary gate and paint.</li> <li>-Construct security houses at each gate.</li> </ul>	<ul style="list-style-type: none"> <li>- Number of patients seeking health services and eye clinic services increased.</li> <li>-Fencing of whole hospital with replacement and painting of both gates.</li> <li>-Construction of security houses at each gate.</li> <li>- No case of absconded patient reported.</li> </ul>
Pillar/ theme/ issue 2:	Improve health services delivery & revenue collection	- Provision of theatre services (No. Of Caesarean sections done).	- Performance of major surgical cases (C/S)	-Total of 30 Caesarean Sections done since October 2024.

***Madiany Sub-County Hospital, Level 4 (Siaya County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

		<ul style="list-style-type: none"> <li>-Wider range of medical services offered.</li> <li>-Provision of radiology services.</li> <li>-Services turnaround time.</li> <li>-Employ more health providers.</li> </ul>	<ul style="list-style-type: none"> <li>-Wider variety of services offered including rehabilitation, mental.</li> <li>- Performance of X-rays and Ultrasounds.</li> <li>-More laboratory services offered with decreased turnaround time.</li> </ul>	<ul style="list-style-type: none"> <li>-Rehabilitative and mental health services availability.</li> <li>- Total of 200 x-rays and 400 ultrasounds performed since September 2024.</li> <li>-Employed more health providers as casuals hence better services with shorter turnaround times.</li> </ul>
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**8. Corporate Governance Statement**

During the period under review, the hospital did not have a functional Board of Management in place. The process of getting a new Board is on-course currently.

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

### **Operational Performance.**

Madiany Sub-County Hospital proudly provides a variety of specialized medical and surgical services ranging from maternal & child health, paediatrics, minor and major surgical services, medical services, gynecological, mental health, in-patient and rehabilitation among others. With a selfless and dedicated team of healthcare personnel, we offer safe, timely, efficient and effective medical services that are patient-centred to the population we serve, making us the facility of choice to our patients. In this financial year the facility attended to 60,000 patients in total with 80% of them being in-patients. As a result of optimal medical services and more services delivery points initiated, there has been a marked improvement in our catchment population size from the previous 15,403 to 15,723.

In this financial year, the hospital was able to achieve a great milestone through its' management to operationalize its maternity theatre and x-ray services. Both of these are currently up and running and has brought huge relief to the patients seeking the services as they now do not have to travel miles away to get them and timely intervention has led to decline in maternal and neonatal mortality. In the coming financial year, the management is keen on having a dental unit and orthopedic unit set-up to bring the services closer for its patients.

### **Financial Performance.**

The hospital's operations and maintenance expenses are mainly funded by its' own source revenue and occasionally get support from the county government of Siaya and partners too. In the financial year under review, the hospital generated a total of Kshs. **29,072,690** (inclusive of SHIF/NHIF) which marked a 77% increase in revenues collected in comparison with the last financial year. This can be attributed to the new service delivery points in theatre services and x-ray services, wider variety of medical and laboratory services offered, increased inpatient capacity and the hospital being 24/7 operational. Despite the increase in own source revenue, the hospital's funding gap stands at Kshs. **18,194,174** (total debt receivables comprising of SHIF/NHIF/Linda Mama dues) thus affecting financial sustainability of the hospital. The hospital is closely following up with SHA for reimbursements to aid it clear off its pending debts of Kshs. **2,834,625** as at end of this financial year.

### **Clinical/operational performance**

Madiany Sub-County Hospital currently has a bed capacity of 54 in total in the 5 wards as follows: paediatrics- 10; male medical- 9; female medical- 13; maternity- 22. Plans are underway in conjunction with Siaya County Government to build an inpatient complex and thus increase the bed capacity to the required 150 bed capacity. Overall patient attendance during the year for both inpatient and outpatient was 60,000. Accident and Emergency attendance for the year was 2,000 with majority being attributed to road traffic accidents and partly assault cases. The hospital offers specialized clinics on Tuesday(s) of every week for the chronic diseases and gynecologic post-surgical cases and 1st Wednesday of each month there's Psychiatry clinic led by the county's Psychiatrist. The average length of stay for in-patient during admission is 5 days with very chronic cases going even up to 14 days. The daily bed occupancy rate ranges from 40% to 80%. Mortality rate for maternal was 0% throughout the period in review.

The maternity theatre is currently fully operational amidst the limited human resource available. The maternity theatre was commissioned on 26<sup>th</sup> September 2024 and since we have been able to conduct 30 caesarean sections, 1 myomectomy and 1 total abdominal hysterectomy cases successfully. The main challenge in the operation of the maternity theatre is that it wholly depends on the availability of the 1

**Madiany Sub-County Hospital, Level 4 (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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medical doctor in the whole facility who also serves administratively as the medical superintendent and the 1 anaesthetist the hospital has. The hospital can perform more surgical operations if adequate personnel are deployed to the hospital.

The hospital is also in partnership with Centre for Health Solutions (CHS) through the County Government of Siaya and receives support in carrying out various activities from Non-governmental Organizations (e.g Rafiki wa Maendeleo Trust).

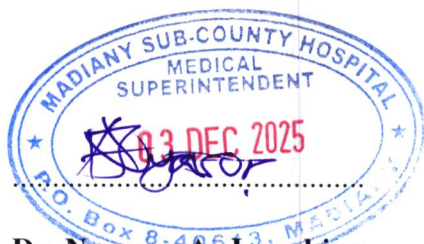
**Financial performance that includes: -**

During the period under review the Hospital reported a total revenue of Kshs. 111,477,026 broken down as: -

In kind from the County Government	Kshs. 51,260,274
Public Contributions and donations	Kshs. 31,144,062
Rendering medical services	Kshs. 29,072,690 (NHIF/SHA- Kshs. 18,174,752)

The funds were utilised as follows:

Medical and clinical costs amounted to	Kshs. 41,127,727 (including cost of donated medical drugs of Kshs 31,144,062 and Drawing Rights of
Employee costs amounted to	Kshs. 51,239,114
Repairs and Maintenance amounted to	Kshs. 1,223,681
Grants and subsidies amounted to	Kshs. 1, 999,222
General Expenses amounted to	Kshs. 6,507,897



**Dr. Nyasoro A. Josephine**  
**Medical Superintendent.**

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

**Two-to-three pages)**

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

Madiany Sub- County Hospital a level 4 exists to transform lives. It is what guides the facility to deliver on its strategic mandate by putting the client/Citizen first while providing quality health services, and improving on operational efficiency. Below is an outline of the Facility's policies and activities that promote sustainability.

### ***Sustainability strategy and profile***

Madiany Sub County level 4 hospital has identified the following sustainability priorities: -

- Improving the Hospital infrastructure
- Increasing the Hospital bed capacity
- Improving on collections from facility improvement fund (FIF)
- Bringing on board development partners to support the Hospital
- Enhancing working relations with the Social Health Insurance Fund (SHIF)
- Performing and providing utmost maternal surgical care
- Providing wide range of healthcare services including radiology and theatre services.

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

Madiany Sub-County Hospital a level 4, is yet to develop an environmental policy. However, the Hospital endeavors to continue adopting and adhering to the National policies and regulations that guide compliance with the existing environmental management laws.

The Hospital provides all the 3 waste bins in the wards and outpatient thus enhances waste segregation and appropriate disposal of biomedical waste despite not having an incinerator in the facility. The hospital maternity complex and part of outpatient utilizes solar lighting which is environment friendly. In its' strategic plan, the hospital plans to partner with donors to enable it have the whole hospital run on solarised energy thus will reduce electricity costs incurred and also it's eco-friendly. The hospital has also installed SATO-pans in all its toilets as it's eco-friendly.

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

The hospital does hire some staffs on contract basis to boost in service provision and meet the staffing gaps due to the under-staffing as we wait for staffs' deployment from County Government of Siaya. The recruitment process is always guided by Human Resource guidelines and with support from Health Human

Resource department and it always takes into account the gender ratio and also considers the people with disability.

Annual through the office of the hospital administrator, staffs are appraised and the forms forwarded to the county Human Resource via Health Department. At the end of each year, the management recently initiated celebration of its staffs via staff end of year party whereby staffs with outstanding performances are rewarded. The hospital endeavors to continuously comply with Occupational Safety and Health Act ,2007 (OSHA) by providing adequate office space that is cleaned and maintained well daily; providing appropriate and adequate sanitation facilities; regularly training staffs on drug and substance abuse and mental health and providing adequate and appropriate PPE for front line healthcare workers and support staffs too.

**iv) Market place practices-**

**a) Responsible competition practice.**

The hospital as an appendage of the Siaya County Government was declared a corruption free zone after engagement with the officers from the Ethics and Anti-corruption Commission. The hospital always advocates for fairness in the provision of its services to the public. The hospital's service charter is publicly displayed and is visible to all just as they enter the hospital premises and suggestion boxes are strategically positioned around the hospital for reporting of any anti-corruption cases and giving feedback to the management too. The hospital operates on a cashless basis and payment of all services rendered is done via official hospital's paybill number. Occasionally, the hospital conducts outreaches and medical camps to sensitize the public of the range of services it offers.

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

The hospital maintains good business practices with all its' suppliers by treating them responsibly by honouring contracts and always striving to pay for goods and services received from them on time. The hospital management also keenly prioritizes payment of pending debts to its suppliers in a timely manner and in-case of any variation, communicates effectively and timely with the suppliers.

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

The hospital publicly displays all its advertisements for tenders of supply of goods and services. Similarly, advertisements for employment vacancies are always publicly displayed too. The hospital also occasionally holds 'barazas' or community dialogues with the community and local leaders to provide accurate and true information regarding the hospital, its services and plans.

***d) Product stewardship or Awareness Creation***

The hospital has locked complaints/suggestion boxes that are strategically positioned around the hospital, where those with complaints can anonymously register their complaints for action by the management.

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

The hospital partners with stakeholders and donors mainly Non-Governmental Organizations (NGOs) in the health sector to carry out various health outreach services and medical camps to provide essential medical services including screening of patients and interventional services where applicable to the public. The hospital also supports regular outreach clinics and health talks for mothers and newborns in the community nearby and beyond.

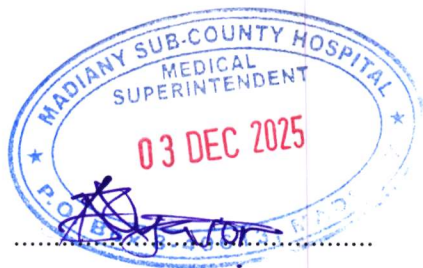
**11. Report of The Board of Management**

During the period under review, the hospital did not have a functional Board of Management in place. The process of getting a new Board is on-course currently.

**Auditors**

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

By Order of the Board



**Dr. Josephine A. Nyasoro.**  
**Secretary to the Board.**

## 12. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) 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 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

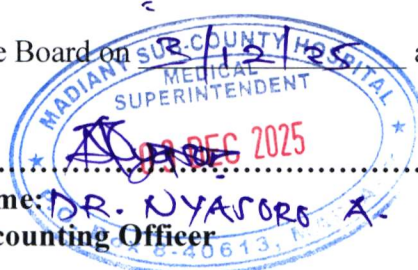
The Board of Management accepts responsibility for the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the PFM County Government Regulations, 2015. The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended June 30, 2025, and of the hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital which have been relied upon in the preparation of the hospital’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that 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 ..... and signed on its behalf by:

.....  
Name: **DR. NYAGORO A. JOSEPHINE**  
Accounting Officer



# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON MADIANY SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF SIAYA**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Madiany Sub-County Hospital, Level 4 - County Government of Siaya set out on pages 1 to 61, which

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Madiany Sub-County Hospital, Level 4 - County Government of Siaya and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Incomplete Records on Rendering of Services – Medical Service Income**

The statement of financial performance and an as disclosed in Note 11 to the financial statements reflects Kshs.29,072,690 in respect of rendering of services – medical service income, while the Receiver of Revenue reflects an amount of Kshs.20,313,271, resulting to a variance of Kshs.8,759,419. Included in the amount is SHA claims of Kshs.15,682,022. However, the audit revealed the following issues;

- i) Management provided a block figure for SHA revenue collected but did not include details of the specific source of revenue such as Pharmaceuticals, Laboratory, Radiology, Theatre, Inpatient Services, and Reproductive Health.
- ii) The hospital uses Funsoft system which lacks a comprehensive and integrated revenue management system capable of generating detailed performance reports across all service categories.

In the circumstances, this may lead to revenue misstatement, leakage, misappropriation due to lack of transparency, inadequate system integration, and limited traceability of financial data.

#### **2. Unreconciled Variances of Revenue from Rendering of Services- Medical Service Income and the County Executives Records**

The statement of financial performance reflects an amount of Kshs.29,072,690 in respect of revenue from rendering of services – medical service income. Review of records provided indicated the following variances;

- i. The Hospital reflected an amount of Kshs.17,370,352, in respect of amounts received in respect of NHIF/SHA while the County Receiver of Revenue reflected an amount of Kshs.9,776,161, resulting to a variance of Kshs.7,594,191. It is not clear, and Management has not explained how the amount of Kshs.7,594,191 was accounted for by the Receiver of Revenue.

- ii. The Hospital indicated to have received an amount of Kshs.10,861,938, while the County Executive indicates to have transferred an amount of Kshs.9,696,471, implying that an amount of Kshs.1,165,467 may have been retained by the Receiver of Revenue.
- iii. In addition, the Hospital indicates to have collected an amount of Kshs.840,400 from Linda Mama and the County Receiver of Revenue recorded an amount of Kshs.840,640, resulting to a variance of Kshs.240 only.

In the circumstances, the accuracy and completeness of the reported revenue could not be confirmed.

### **3. Medical Costs**

The statement of financial performance and as disclosed in Note 15 to the financial statements, reflects Medical/Clinical Costs amounting to Kshs.41,127,727. This amount comprises donations by partners in the form of drugs and treated mosquito nets totaling Kshs.31,144,062, and medical costs of Kshs.9,983,665. Review of the ledgers provided to support the medical costs of Kshs.9,983,665 totalled Kshs.10,330,605, resulting in an unreconciled variance of Kshs.346,940.

In the circumstances, the accuracy and completeness of the Medical/Clinical Costs could not be confirmed.

### **4. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 29 to the financial statements reflects receivables from exchange transactions amount of Kshs.18,194,174. The balance comprises long-outstanding NHIF/Linda Mama claims totaling Kshs.8,438,917 and SHA claims amounting to Kshs.9,755,257. These claims have remained unsettled for an extended period, resulting in delayed inflows of revenue due to the hospital.

In the circumstance, the institution's cash flow position continues to be constrained, negatively affecting its ability to meet financial obligations in a timely manner, including payments to suppliers and recoverability of the amounts of Kshs.18,194,174 appears doubtful.

### **5. Long Outstanding Trade and Other Payables**

The statement of financial position and Note 36 to the financial statement reflects Kshs.2,834,625 on trade and other payables. Examination of the ageing analysis provided indicated that Kshs.1,390,000 of the total trade payables had been outstanding for more than one year and are undergoing pending bills verification. Management did not demonstrate measures and efforts put in place to ensure bills are paid in time to avoid further accumulation and possible litigation costs. This is contrary to Regulation 139 (7) of the Public Procurement and Asset Disposal Regulations 2020, which requires a procuring entity on receipt of an invoice or fee note to make payment on first come first paid basis.

In the circumstances, the completeness and accuracy of the long outstanding trade and other payables could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs.39,966,865 and Kshs.22,139,149 respectively resulting into underfunding of Kshs.17,827,716 or 45% of the budget. Madiany Sub-County Hospital expended Kshs.19,833,701 against an approved budget of Kshs.45,116,865 resulting to an abnormal under expenditure of Kshs.25,283,164 or 56 % of the budget. In the circumstances, the provision of services to the people was not effectively met.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

#### **Unresolved Prior year Matters**

In the audit report of the prior year's audit reports, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness, Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024-2025 revealed matters which remained unresolved as detailed below:

<b>No.</b>	<b>FY</b>	<b>Audit issues</b>
1	2023-2024	Long Outstanding Trade and Other Payables
2	2023-2024	Lack of Hospital Management Board
3	2023-2024	Lack of Policy Documents
4	2023-2024	Lack of Internal Audit Unit and Audit Committee
5	2023-2024	Deficiencies in Implementation of Universal Health Coverage (UHC)

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxi which comprise of Key Entity Information, The Board of Management, Key

Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability, Report of the Board of Management and Statement of Project Management 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 Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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 the Board of Management**

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

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

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

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

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

03 December, 2025

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**14. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6		
In-kind contributions from the County Government	7	51,260,274	43,683,577
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10	31,144,062	
		<b>82,404,336</b>	<b>43,683,577</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	29,072,690	16,466,539
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14	-	217,615
<b>Revenue from exchange transactions</b>		<b>29,072,690</b>	<b>16,684,154</b>
<b>Total revenue</b>		<b>111,477,026</b>	<b>60,367,731</b>
<b>Expenses</b>			
Medical/Clinical costs	15	41,127,727	9,380,832
Employee costs	16	51,239,114	41,935,797
Board of Management Expenses	17		
Depreciation and amortization expense	18	2,416,648	
Repairs and maintenance	19	1,223,681	1,122,670
Grants and subsidies	20	1,999,222	1,680,472
General expenses	21	6,507,897	3,747,876
Finance costs	22		
<b>Total expenses</b>		<b>104,514,289</b>	<b>57,867,647</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		21,437,064	13,293,534
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts ( <i>specify</i> )			217,615
<b>Total Receipts</b>		<b>21,437,064</b>	<b>13,511,149</b>
<b>Payments</b>			
Medical/Clinical costs		7,393,956	5,861,263
Employee costs		2,873,945	1,771,789
Board of Management Expenses			
Repairs and maintenance		1,223,681	1,122,670
Grants and subsidies		1,999,222	1,680,472
General expenses		6,342,897	3,747,876
Finance costs			
Refunds paid out			
<b>Total Payments</b>		<b>19,833,701</b>	<b>14,184,070</b>
<b>Net cash flows from operating activities</b>	43	<b>1,603,363</b>	<b>(672,921)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		842,182	
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>		<b>(842,182)</b>	
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			

*Madiany Sub-County Hospital, Level 4 (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>761,181</b>	<b>(672,921)</b>
Cash and cash equivalents as at 1 July 2024	27	702,085	1,375,006
<b>Cash and cash equivalents as at 30 June 2025</b>	<b>27</b>	<b>1,463,266</b>	<b>702,085</b>

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

*Madiany Sub-County Hospital, Level 4 (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<i>a</i>	<i>b</i>	<i>c = a + b</i>	<i>d</i>	<i>e = c - d</i>	$f = \frac{d}{c} \%$
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	702,085	-	702,085	702,085	-	100
<b>Receipts</b>	<b>0</b>					
Transfers from the County Government	0					
Grants from donors and development partners	0					
Transfers from other Government entities	0					
Public contributions and donations	0					
Rendering of services- Medical Service Income	39,966,865		39,966,865	21,437,064	10,894,175	73
Revenue from rent of facilities	0					
Finance / interest income	0					
Miscellaneous receipts ( <i>specify</i> )	0					
<b>Total receipts</b>	<b>40,668,950</b>		<b>40,668,950</b>	<b>22,139,149</b>	<b>10,894,175</b>	<b>54</b>
<b>Payments</b>						
Medical/Clinical costs	19,701,865		19,701,865	7,393,956	12,787,529	35
Employee costs	4,080,000		4,080,000	2,873,945	1,124,512	72
Remuneration of directors						
Repairs and maintenance	3,845,000		3,845,000	1,223,681	2,678,519	30
Grants and subsidies	-		-	1,999,222	-1,999,222	
General expenses	17,490,000		17,490,000	6,342,897	10,832,223	38
Finance costs						
<b>Total Operational Expenditure</b>	<b>45,116,865</b>		<b>45,116,865</b>	<b>19,833,701</b>	<b>23,110,740</b>	<b>49</b>
<b>Capital Expenditure paid</b>				<b>842,182</b>		
<b>Surplus</b>				<b>2,305,448</b>		

**Madiany Sub-County Hospital, Level 4 (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**(Budget carryovers\*** This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

:

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>2,305,448</b>
1	Capital Expenditure (Additions to PPE)	-842,182
2		0
3		0
4		0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>1,463,266</b>

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

### **1. General Information**

Madiany Sub-County Hospital is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Siaya County Government and is domiciled in Siaya County in Kenya. The entity's principal activity is provision of comprehensive health care.

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

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

*(When an IPSAS becomes effective on 1<sup>st</sup> January 20xx, it is applicable in Kenya from 1<sup>st</sup> July 20xx)*

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

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

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

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

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

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

*iii) Early adoption of standards*

The hospital did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

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

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

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

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

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by the Health Management Team on 30<sup>th</sup> June 2024. 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 ~~xxx~~ 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 (ECL) are set out in *Note xx*.

**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.

*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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

**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.

## **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.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	xxx	xxx
Level 4/5 grants	xxx	xxx
Unconditional development grants	xxx	xxx
Other grants ( <i>specify</i> )	xxx	xxx
	<b>xxx</b>	<b>xxx</b>
<b>Conditional grants</b>		
User fee forgone	xxx	xxx
Transforming health services for Universal care project (THUCP)	xxx	xxx
DANIDA	xxx	xxx
Wards Development grant	xxx	xxx
Paediatric block grant	xxx	xxx
Administration block grant	xxx	xxx
Laboratory grant	xxx	xxx
<b>Total government grants and subsidies</b>	<b>xxx</b>	<b>xxx</b>

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Siaya County Government	xxx	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	48,283,625.40	40,164,008
Medical supplies-Drawings Rights (KEMSA)	2,936,649	3,519,569
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills	40,000	-
<b>Total grants in kind</b>	<b>51,260,274.40</b>	<b>43,683,577</b>

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	xxx	xxx
World Bank grants	xxx	xxx
Paediatric ward grant- JICA	xxx	xxx
Research grants	xxx	xxx
Other grants (specify)	xxx	xxx
<b>Total grants from development partners</b>	<b>xxx</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	xxx	xxx	xxx	xxx	xxx
JICA	xxx	xxx	xxx	xxx	xxx
World Bank	xxx	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	xxx	xxx
Transfer from xxx National Hospital	xxx	xxx
Transfer from xxx Institute	xxx	xxx
<b>Total Transfers</b>	<b>xxx</b>	<b>xxx</b>

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	31,144,062	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	<b>31,144,062</b>	<b>-</b>

This donation revenue represents the total value of contributions received from partners in form of treated Mosquito Nets, TB drugs, ARVs, Malaria drugs during the financial year.

10 (a) Reconciliations of amortised grants

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>xxx</b>	<b>xxx</b>
Current year receipts	xxx	xxx
Amortised and transferred to revenue	xxx	xxx
<b>Conditions to be met – remain liabilities</b>	<b>xxx</b>	<b>xxx</b>

**Notes to Financial Statements Continued**

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	2,230,788	1,287,295
Non-Pharmaceuticals		
Laboratory	2,619,720	2,190,950
Radiology, X-Ray & Ultrasound	149,150	58,100
Health Records	633,300	535,820
Theatre		
Inpatient Services	1,813,949	1,182,743
Outpatient Services	187,628	140,897
Nutrition service	28,300	2,250
Eye	19,300	40,133
Dental services		
Reproductive health	354,800	-
Physiotherapy services	167,300	115,600
Farewell home services	1,499,608	1,299,680
Ambulance services		
NHIF Claims	1,688,330	3,173,005
Linda Mama Claims	804,400	-
SHA Claims	15,682,022	-
Medical Camps Income (Rafiki Trust)	1,153,595	-
Other medical services income (Attachment fees)	40,500	6,440,066
<b>Total revenue from the rendering of services</b>	<b>29,072,690</b>	<b>16,466,539</b>

*(Other medical services fee relates to other charges not listed above and should be specified)*

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Residential property	xxx	xxx
Commercial property	xxx	xxx
<b>Total Revenue from rent of facilities</b>	<b>xxx</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	xxx	xxx
Interest income from short- term/ current deposits	xxx	xxx
Interest income from Treasury Bills	xxx	xxx
Interest income from Treasury Bonds	xxx	xxx
Interest from outstanding debtors	xxx	xxx
<b>Total finance income</b>	<b>xxx</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	xxx	
Income from sale of tender	xxx	
Services concession income	xxx	
Sale of goods (water, publications, containers etc)	xxx	
Write backs (Deposits, payments in advance etc)	xxx	
Bad debts recovered	xxx	
<i>Others (Medical Camp fees)</i>	xxx	217,615
<b>Total Miscellaneous income</b>	<b>xxx</b>	<b>217,615</b>

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

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

**15. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	809,600	869,000
Food and Ration	1,634,350	1,950,066
Uniform, clothing, and linen	142,580	-
Dressing and non-Pharms	1,294,896	-
Pharmaceutical supplies	1,529,970	1,427,897
Health information stationery	495,000	-
Sanitary and cleansing Materials	529,120	202,500
Chemical and Industrial gases	336,000	421,300
X-Ray/Radiology supplies		
Medical Camps expenses	275,500	-
Other medical related clinical costs		3,519,569
<b>Medical/ clinical costs</b>	<b>7,047,016</b>	<b>9,380,832</b>
Drawing Rights – Non-Pharms	714,195	
Drawing Rights - Pharms	1,722,454	
Drawing Rights – Laboratory Materials	500,000	
Donations -ART, TB, Malaria drugs, treated Mosquito Nets)	31,144,062	
<b>Total</b>	<b>41,127,727</b>	

**16. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	48,283,625.40	41,935,797
Wages, and Allowances (Hospital Contracted)	2,530,266.49	-
Contributions to pension schemes	146,222	-
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs -Hospital Volunteers Stipends	279,000	-
<b>Employee costs</b>	<b>51,239,113.89</b>	<b>41,935,797</b>

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

**17. Board of Management Expenses**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	xxx	xxx
Sitting allowance	xxx	xxx
Mileage	xxx	xxx
Insurance expenses	xxx	xxx
Induction and training	xxx	xxx
Travel and accommodation allowance	xxx	xxx
Airtime allowances	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**18. Depreciation and Amortization Expense**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	2,416,648	xxx
Intangible assets	-	xxx
Investment property carried at cost	-	xxx
<b>Total depreciation and amortization</b>	<b>2,416,648</b>	<b>xxx</b>

**19. Repairs And Maintenance**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Property- Buildings	569,170	795,500
Plant & Medical equipment	230,511	134,670
Furniture and fittings	-	72,500
Computers and accessories	174,000	120,000
Motor vehicle expenses	-	
Infrastructure & Civil Works	250,000	
<b>Total Repairs and Maintenance</b>	<b>1,223,681</b>	<b>1,122,670</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other Grants- Casual Wages to Department	150,000	
Other grants and Subsidies (To Rural Health Facilities)	1,849,222	1,680,472
<b>Total grants and subsidies</b>	<b>1,999,222</b>	<b>1,680,472</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		
Waste management expenses		
Insecticides and rodenticides	208,560	29,900
Audit fees		
Bank charges	99,416	67,553
Conferences and delegations		
Consultancy fees		
Contracted services	370,000	70,000
Electricity expenses	797,123	1,011,873
Fuel and Lubricants	1,004,728	590,400
General Office Supplies	1,004,550	349,600
Other Fuels (Charcoal, etc)	369,200	311,000
Travel and accommodation allowance	1,039,400	368,500
Legal expenses		
Licenses and permits		
Courier and postal services	28,350	-
Printing and stationery	500,000	390,000
Purchase of Institutional appliances	620,320	65,000
Rent expenses		

*Madiany Sub-County Hospital, Level 4 (Siaya County Government)*  
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Description	2024/2025	2023/2024
	Kshs	Kshs
Water and sewerage costs	66,750	54,850
Skills development levies		
Telephone & mobile phone services	374,000	269,000
Internet expenses		147,200
Staff training and development	25,500	23,000
Subscriptions to professional bodies		
Library books/Materials		
Parking charges		
<b>Total General Expenses</b>	<b>6,507,897</b>	<b>3,747,876</b>

**22. Finance Costs**

Description	2024/2025	2023/2024
	KShs	KShs
Borrowings (amortized cost) *	xxx	xxx
Finance leases (amortized cost)	xxx	xxx
Interest on Bank overdrafts/Guarantees	xxx	xxx
Interest on loans from commercial banks	xxx	xxx
<b>Total finance costs</b>	<b>xxx</b>	<b>xxx</b>

*(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

**23. Gain/Loss on Disposal of Non-Current Assets**

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Other assets not capitalised ( <i>specify</i> )	xxx	xxx
<b>Total gain on sale of assets</b>	<b>xxx</b>	<b>xxx</b>

**24. Unrealized Gain on Fair Value Investments**

Description	2024/2025	2023/2024
	KShs	KShs
Investments at fair value	xxx	xxx
<b>Total gain</b>	<b>xxx</b>	<b>xxx</b>

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

**25. Medical Services Contracts Gains /Losses**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Comprehensive care contracts with NHIF/SHA	xxx	xxx
Non- Comprehensive contracts care with NHIF/SHA	xxx	xxx
Linda Mama Program	xxx	xxx
Waivers and Exemptions	xxx	xxx
<b>Total Gain/Loss</b>	<b>xxx</b>	<b>xxx</b>

**26. Impairment Loss**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investments	xxx	xxx
<b>Total impairment loss</b>	<b>xxx</b>	<b>xxx</b>

**27. Cash And Cash Equivalentents**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>KShs</b>	<b>KShs</b>
Current accounts	1,463,266.60	702,085
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalentents</b>	<b>1,463,266.60</b>	<b>702,085</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Co-operative Bank	0114162336100	1,204,974.75	555,503
Co-operative Bank	0114162336102	258,291.85	146,582
<b>Sub- total</b>		<b>1,463,266.60</b>	<b>702,085</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank – etc			
<b>Sub- total</b>			
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>			
<b>d) Others(specify)</b>			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>		<b>1,463,266.60</b>	<b>702,085</b>

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance	xxx	xxx
Rent	xxx	xxx
Water	xxx	xxx
Internet	xxx	xxx
Others specify	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**29. Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical services receivables- NHIF/ Linda Mama	8,438,917		9,146,600	
Medical services receivables- SHA	9,755,257		-	
Rent receivables				
Other exchange debtors				
Less: impairment allowance				
<b>Total receivables</b>	<b>18,194,174</b>		<b>9,146,600</b>	

*(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)*

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	9,755,257	54%		%
Between 1- 2 years	8,438,917	46%	9,146,600	100%
Between 2-3 years				
Over 3 years				
<b>Total (a+b)</b>	<b>18,194,174</b>	<b>100%</b>	<b>9,146,600</b>	<b>100%</b>

### 30. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors ( <i>non-exchange transactions</i> )	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

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

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

### 31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,444,266	2,932,409
Non-Pharmaceuticals	1,898,958	1,799,872
Lab materials and reagents	409,359	-
Food supplies		51,695
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
<b>Total</b>	<b>3,752,583</b>	<b>4,783,976</b>

**Detailed disclosure on inventories**

	<b>2024/2025</b>	<b>2023/2024</b>
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
		2%	12.5%	12.5%	30%	12.5%			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>									
At 1 July 2023									
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2024</b>									
<b>At 1 July 2024</b>	-	-	-	-	-	-			-
Additions	-	-	-	150,000	692,182	-			842,182
Disposals									
Transfer/adjustments		20,009,419	7,896,820	1,326,225		5,097,400			34,329,864
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2025</b>		<b>20,009,419</b>	<b>7,896,820</b>	<b>1,476,225</b>	<b>692,182</b>	<b>5,097,400</b>			<b>35,172,046</b>
<b>Depreciation and impairment</b>									
At 1 July 2023	-	-	-	-	-	-			-
Depreciation for the year									

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, and fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	2%	12.5%	12.5%	30%	12.5%	Kshs	Kshs	Kshs
Disposals									
Impairment									
<b>At 30 June 2024</b>	-	-	-	-	-	-			-
At 1 <sup>st</sup> July 2024				903,361		743,975			1,647,336
Depreciation		400,188	987,103	184,528	207,655	637,175			2,416,649
Disposals									
Impairment									
Transfer/adjustment									
<b>At 30<sup>th</sup> June 2025</b>		400,188	987,103	1,087,889	207,655	1,381,150			4,063,985
Net book values									
<b>At 30<sup>th</sup> Jun 2024</b>		-	-	-	-	-			-
<b>At 30<sup>th</sup> Jun 2025</b>		19,609,231	6,909,717	388,336	484,527	3,716,250			31,108,061

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	xxx	xxx
Additions	xxx	xxx
Additions–Internal development	xxx	xxx
Disposal	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	xxx	xxx
Amortization for the period	xxx	xxx
Impairment loss	xxx	xxx
<b>At end of the year</b>	xxx	xxx
<b>NBV</b>	<b>xxx</b>	<b>xxx</b>

34. Investment Property

Description	2024/2025	2023/2024
	KShs	KShs
<b>At beginning of the year</b>	<b>xxx</b>	<b>xxx</b>
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation ( <i>where investment property is at cost</i> )	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property).

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Trees in a plantation forest	xxx	xxx
Animals: Dairy Cattle, Pigs, Sheep	xxx	xxx
Others specify	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	2,834,625		2,594,465	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	<b>2,834,625</b>		<b>2,594,465</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	1,746,760	62%		%
1-2 years	367,680	13%	869,000	34%
2-3 years	50,000	1.7%	652,290	25%
Over 3 years	670,185	23.3%	1,073,175	41%
<b>Total</b>	<b>2,834,625</b>	<b>100%</b>	<b>2,594,465</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	2024/2025	2023/2024
	KShs	KShs
Medical fees paid in advance	xxx	xxx
Credit facility deposit	xxx	xxx
Rent deposits	xxx	xxx
Others (specify)	xxx	xxx
<b>Total deposits</b>	<b>xxx</b>	<b>xxx</b>

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Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
<b>Total</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>

**38. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Additional Provisions	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount & time value for money	(xxx)	(xxx)	(xxx)	(xxx)
<b>Total provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Current Provisions	xxx	xxx	xxx	xxx
Non-Current Provisions	xxx	xxx	xxx	xxx
<b>Total Provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**39. Finance Lease Obligation**

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
<b>Total</b>	<b>Xxx</b>	<b>xxx</b>

**40. Deferred Income**

Description	2024/2025	2023/2024
	KShs	KShs
Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
<b>Balance b/f</b>	xxx	xxx	xxx	xxx
Additions during the year	xxx	xxx	xxx	xxx
Transfers to Capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to statement of financial performance	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers ( <i>Specify</i> )	(xxx)	(xxx)	(xxx)	(xxx)
<b>Balance C/F</b>	xxx	xxx	xxx	xxx

41. Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
<b>Balance at beginning of the period</b>	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
<b>Balance at end of the period</b>	xxx	xxx

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
<b>Total</b>	xxx	xxx

*(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

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

**42. Service Concession Arrangements**

Description	2024/2025	2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

**43. Cash Generated from Operations**

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	6,962,737	
<b>Adjusted for:</b>		
Depreciation	2,416,648	
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
Increase in inventory	1,028,793	
Increase in receivables	-9,044,974	
Increase in deferred income		
Increase in payables	240,160	
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>1,603,364</b>	

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

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20XX (previous year)</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 20XX (current year)</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 20xx</b>				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20XX (previous year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>20XX (current year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

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

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

**45. Related Party Balances**

**Nature of related party relationships**

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

xxx 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

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

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Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**46. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**47. Contingent Liabilities**

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

*(Give details)*

**48. Capital Commitments**

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**49. Events after the Reporting Period**

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

**50. 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 Siaya.

**51. Currency**

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

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**20. Appendices**

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the PICPAC of the County Assembly of Siaya, to which we are still awaiting the response as to the issues which are to be considered 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)
2023/2024	<p><b>1. Non-Disclosure of Property, Plant and Equipment.</b></p> <p>The statement of financial position reflects a Nil balance of property, plant and equipment under non-current assets. However, physical inspection on assets revealed that the Hospital had several non-current assets that were not valued and disclosed in the financial statements. This is contrary to IPSAS 1 on presentation and disclosure of financial statements. Further, ownership documents for the land, equipment, motor vehicle and motorcycles were not provided for audit.</p> <p>In the circumstances, the property plant and equipment amount of Nil could not be confirmed.</p>	<p>The County is yet to develop Asset Management Policy for Property, Plant and Equipment. As a result, prior year asset acquisitions (land, buildings, civil works, motor vehicles, furniture, fittings and office equipment, plant medical equipment and capital works in progress) could not be included in the financial statements since ownership and asset values could not be reasonably ascertained.</p> <p>The county in collaboration with the National Treasury is the process of developing Asset Management Policy which when finalized will enable recognition of prior year asset acquisitions in the financial statement. Note that IPSAS 33 (attached in Annex 1), allows for a transition period of 3 years to prepare policy documents and</p>	Not Resolved	

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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)
		also to confirm values to be carried to the Financial Statement.		
2023/2024	<p><b>2. In Kind Contributions</b></p> <p>The statement of financial performance reflects an amount of Kshs.43,683,577 in respect of In-kind contributions and as disclosed in Note 7 to the financial statements. Included in the amount are salaries and wages paid by the County Government of Siaya amounting to Kshs.40,164,008 which differs with amount in the schedules of Kshs.37,495,429, resulting to unreconciled variance amount of Kshs.2,668,579. In addition, the Note includes medical supplies amounting to Kshs.3,519,569 which was not supported with any documentations such as invoices, Stores Receipt (S11) and (S13) forms.</p> <p>In the circumstances, the accuracy and completeness of the In- Kind Contributions of Kshs.6,188,148 for the year ended 30 June, 2024 could not be confirmed.</p>	<p>The salaries and wages paid by the County Government of Siaya amounting to Kshs.40,164,008 as reported in the financial statement is supported by schedules (Kshs.37,495,429 for P&amp;P and Kshs. 2,668,579 for casuals) as attached in annex 2(b) and 2(c).</p> <p>The Expenditure of Kshs.3,519,569 for the medical supplies (drawing rights) paid by the County Government of Siaya, is supported by invoices, Stores Receipt (S13) forms as attached in Annex 2(a).</p>	Not Resolved	
2023/2024	<p><b>3. Unsupported Miscellaneous Income</b></p> <p>The statement of financial performance reflects revenue from exchange transactions of Kshs.16, 684,154. Included in the amount is miscellaneous income of Kshs. 217,615 as</p>	The miscellaneous income of Kshs.217, 615 was from Rafiki Wa Maendeleo Trust, an NGO, that conducts medical camps in conjunction with the hospital and reimburses for some costs incurred by the hospital. During the year, the hospital received	Not Resolved	

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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)
	<p>disclosed in Note 14 to Financial Statements. However, Management did not provide supporting schedules or ledgers.</p> <p>In the circumstances, the accuracy of the miscellaneous income amount of Kshs.217,615 could not be confirmed.</p>	<p>Kshs. 217,615 from the organization for medical services rendered during the medical camps and recognized as miscellaneous income as per the attached invoice, bank statement extracts and list of patients.</p>		
2023/2024	<p><b>4. Inaccuracies in Medical Service Income</b></p> <p>The statement of financial performance reflects medical service income amounting to Kshs.16, 466,539, as disclosed in Note 11 of the financial statements. Included in the in the income is the National Hospital Insurance Fund (NHIF) claims amounting to Kshs.9, 613,071. However, supporting schedules provided reveals an amount of Kshs. 13,882,115, resulting in unreconciled variance of Kshs.4, 269,044. The NHIF claims paid during the year amounted to Kshs.6, 440,066, which results in NHIF receivables of Kshs.7, 442,049 for the year. However, the receivables were not included in the receivables balance of Kshs.9, 146,600 disclosed in Note 28 to the financial statements balance.</p> <p>In the circumstances, the accuracy and completeness of medical services income of Kshs.16, 466,539 could not be confirmed.</p>	<p>The schedule of NHIF claims of Kshs. 13,882,115 was erroneously overstated. The correct figure for the claims is Kshs. 3,875,331, being the claims registered for the period under review. The hospital had a brought forward balance of receivables of Kshs. 11,711,329. During the year, the hospital received Kshs. 6,440,066 from NHIF, resulting to the balance of receivables of Kshs.9, 146,600.</p>	Not Resolved	

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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)
2023/2024	<p><b>5. Unsupported Receivable from Exchange Transactions</b></p> <p>The statement of financial position reflects a balance of Kshs.9, 146,600 in respect of respect of receivables from exchange transactions as disclosed in Note 28 to the financial statements. However, the balance was not supported with receivables' ledger or a schedule indicating transaction dates, invoice numbers, description of good or service rendered and amount on credit. In addition, the balance did not include receivables in respect of outstanding NHIF claims</p> <p>In the circumstances, the accuracy and completeness of receivables from exchange transactions of Kshs.9, 146,600, could not be confirmed.</p>	<p>The observation is noted. The receivables figure of Kshs. 9,146,600 represents NHIF receivables as at the end of the financial year.</p>	Not Resolved	
2023/2024	<p><b>6. Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts for the year ended 30 June, 2024, reflects budgeted revenue amount of Kshs.22,486,552 against actual receipts of Kshs.16,466,539, resulting in under funding of Kshs.6,020,013 or 26% of budgeted revenue. Similarly, the Hospital utilized Kshs.16,870,728, against available funds of 16,466,539 resulting in over-utilization of Kshs.404,189 or 2% of available funds.</p>	<p>The Hospital projected receipts on the assumptions that income from Maternity and surgical theater would be realized within the period. However, these revenues were not realized since the complex was non-operational during the period. The complex has since been completed and is in use in the current financial year as per the attached completion certificate, handing over report and caption photos. In addition, during the period</p>	Not Resolved	

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

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

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

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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