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REPORT

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THE AUDITOR-GENERAL

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NYAMACHE LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KISII

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# **NYAMACHE LEVEL 4 HOSPITAL (Kisii 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
ANC	Antenatal care
FIF	Facility Improvement Fund
SHA	Social Health Authority

**2. Key Entity Information and Management**

**(a) Background information**

Nyamache Hospital is a level IV hospital established under gazette notice number 3142 dated 16/06/1995 and is domiciled in Kisii County under the Health Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to promote and participate in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to the residents of Bobasi.

**VISION**

An efficient and high quality healthcare system that is accessible, equitable and affordable to every person.

**(c) Key Management**

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

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

**(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Medical Superintendent	Dr. Victor Moseti
2.	Head of Finance	Jackline Nyaoso
3.	Head of Supply Chain	Ronald Ositu
4.	Hospital Administrator	Kennedy Sukuru
5.	Hospital Pharmacist	Dr. David Mesa
6.	Nurse Manager	Benard Akunga

**(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 92 - 40200  
Hospital Road  
Kisii, Kenya.

**(g) Entity Contacts**

Telephone: (254)0723873075  
E-mail: nyamachehospital@gmail.com

**(h) Entity Bankers**

Kenya Commercial Bank  
P.O. Box 4760-40200  
Kisii, Kenya

**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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



**(k) County Attorney**

Office of the County Attorney  
P.O. Box. 4550-40200  
Kisii, Kenya







**3. The Board of Management**

Ref	Directors	Details
1.	 Donald Ombati Board Chairman	He is 54 years He is a business man
2.	Philip Onyango 	Member He is 45 years old Holds masters of Arts
3.	Isaac Kinara 	Member He is a business man with more than 10 years of experience based at Nyamache
4.	Dr. Victor Moseti 	MBCHB, MMED, He is the medical superintendent of Nyamache Sub county Hospital, is the secretary to the Hospital Board of Management. He is a Medical Doctor (consultant gynaecologist) by profession having first graduated with a Bachelor of Medicine and Bachelor of Surgery Masters in obstetrics and gynaecology

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

5.	<p>Isaac Kinara</p> 	<p>He is 41 years old He holds a diploma in social arts He is the patron to Nyamache self-help group</p>
6.		<p>Callen Magoma Omari Age;60 yrs. Form IV</p>

**4. Key Management Team**

<b>Ref</b>	<b>Management</b>	<b>Details</b>
1.	<p>Dr. Victor Moseti</p> 	<p>Medical Superintendent                      He is a Medical Doctor (consultant gynaecologist) by profession having first graduated with a Bachelor of Medicine and Bachelor of Surgery Masters in obstetrics and gynaecology                      He is 39 years old</p>
2.	<p>Jackline Nyaoso</p> 	<p>Head of Finance                      She is 39 years old                      She holds bachelors of commerce accounting</p>
3.	<p>Ronald Ositu</p> 	<p>Head of Supply Chain                      Holds diploma in purchases and supplies                      He is 45 years old</p>
4.	<p>Dr David Mesa</p> 	<p>Hospital Pharmacist                      He holds bachelor of pharmacy                      He is 36 years old</p>
5.	<p>Benard Akunga</p> 	<p>Nurse Manager                      Hold a diploma in nursing                      He is 46 years</p>
6.	<p>Kennedy Sukuru</p> 	<p>He is the hospital administrator                      Holds diploma in personnel management                      He is 56 years old</p>

## 5. Chairman's Statement

It is my privilege to present the Chairman's Report for the Nyamache level IV Hospital for the financial year 2024-2025. Over the past year, the hospital has remained steadfast in its mission to sustainably operate, maintain, equip, and rehabilitate health facilities within Bobasi sub county in Kisii county, as well as procure vital emergency medical supplies. These efforts have been crucial in ensuring that our health facility continues to provide essential services to the people of Bobasi sub county in Kisii County.

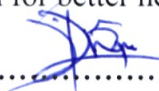
Formation of the sub-county hospital management board

1. Donald Ombati	- Chairman	
2. Dr.Victor Moseti	- . Med-Supt	-Secretary
3. Philip Onyango	- Member	
4. Isaac Kinara	-Member	
5. Joseph Kerandi	-Member	
6. Benard Akunga	- Nurse in-charge	-Co-opted member
7. Ronald Ositu	- Procurement Officer	-Co-opted member
8. Jackline Nyaoso	- Accountant	-Co-opted member
9. Mrs. Erick Osoro	- Sub County Administrator	- co – opted member
10. Mr.Kennedy Sukuru	-SHAO	-Co-opted member

However, this period was not without its challenges. The most notable was the industrial action by medical personnel, which disrupted service delivery in a number of our facilities. This challenge highlighted the need to address human resource issues in the healthcare sector, particularly in ensuring that our healthcare workers are adequately supported. We are committed to working with all stakeholders to resolve these issues and ensure that service delivery is not compromised in the future.

As we look ahead, I am confident that the Nyamache level IV Hospital will continue to make significant strides in improving healthcare services. Our goal remains clear: to provide world-class healthcare services to the residents of Bobasi sub county and its surrounding sub counties. We will invest in state-of-the-art medical equipment, rehabilitate more facilities, and continue to ensure the timely procurement of medical supplies. By doing so, we aim to build a healthcare system that meets the highest standards of quality and accessibility.

I would like to express my heartfelt appreciation to the Kisii County Government, the Department of Health, and all our partners who have supported us throughout this journey. I also extend my gratitude to the healthcare workers who, despite the challenges faced, have shown incredible dedication in serving the people of Bobasi sub county. Together, I am confident that we will continue to make progress in realizing our vision for better healthcare

  
.....

Donald Ombati

**Chairman to the Board**

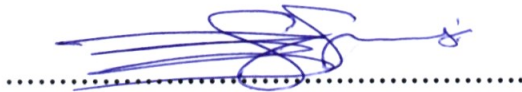
## **6. Report of The Medical Superintendent**

I am pleased to present the Fund Administrator's Report for the Nyamache Level IV Hospital for the financial year 2024-2025. Over the past year, the fund has made considerable progress in fulfilling its mandate of improving healthcare delivery across the sub county and its surrounding.

A key driver of the hospital's revenue growth was the continued investment in infrastructure and the procurement of essential medical supplies, which enabled the health facility to operate more efficiently and attract more patients. Additionally, our partnership with various stakeholders, including healthcare donors and government agencies, has positively impacted the facility's financial health.

Our primary goal remains the improvement of healthcare services for the residents of Bobasi sub county in Kisii County. To achieve this, the facility will continue to invest in upgrading health facility, ensuring that they are well-equipped to provide quality services. We are also committed to maintaining financial transparency and accountability in the management of the facility's resources.

In conclusion, the Nyamache level IV Hospital has demonstrated resilience and growth during the financial year 2024-2025, despite the challenges faced. I would like to thank the County Government, the Department of Health, and all stakeholders for their continued support. I also extend my appreciation to the healthcare workers and facility managers who have worked diligently to improve service delivery.



Dr. Victor Moseti

**Secretary to the Board**

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

Nyamache level IV Hospital does not have a strategic plan yet, however the objectives of the hospital include;

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainably generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health-related emergencies and disaster

## **8. Corporate Governance Statement**

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our procedures and processes are anchored on accountability, transparency, responsibility, and fairness which are the tenets of good corporate governance. Through the board of Nyamache level IV Hospital is complying with statutory requirements.

### **Appointment and Induction of Board Members**

Appointment of Board members is as prescribed under the County Governments Act, 2012 and section 6(1) (a) and (b) of the Kisii county Health Facilities Improvement Fund Act, 2020. The CECM Health appoints the board members.

### **Role of the Board**

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

### **Conflict of interest**

Declaration of conflict of interest is a standing agenda in all meetings of the Board. A register maintained by the institution to record all declarations made by board members.

### **Board Remuneration**

Remuneration of the board members is based pegged on meetings attended as they are paid sitting allowances for each meeting attended for the period. The rates are as provided by the salaries and remuneration commission circular for sitting allowances and per diem.

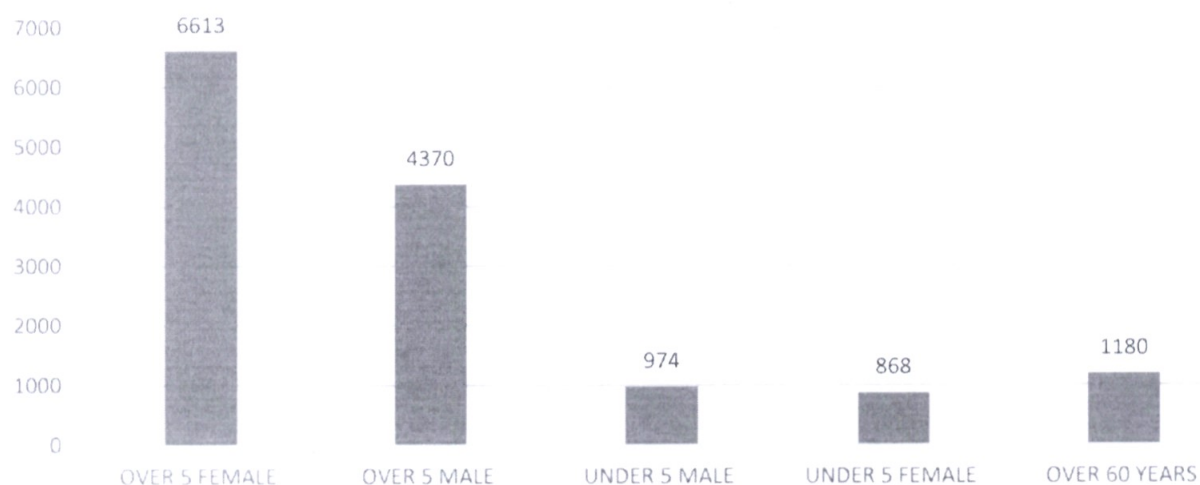
**9. Management Discussion and Analysis**

**OPD WORKLOAD**

31<sup>st</sup> JULY 2024 TO 30<sup>th</sup> JUNE 2025

	31 <sup>ST</sup> JULY TO DEC 2024	JAN TO 30 <sup>TH</sup> JUNE 2025	TOTALS
OVER 5 FEMALE	3357	3256	6613
OVER 5 MALE	2098	2272	4370
UNDER 5 MALE	518	456	974
UNDER 5 FEMALE	379	489	868
OVER 60 YRS	675	505	1180
TOTALS	7027	6978	14005

OPD WORKLOAD JULY 2024 TO JUNE 2025

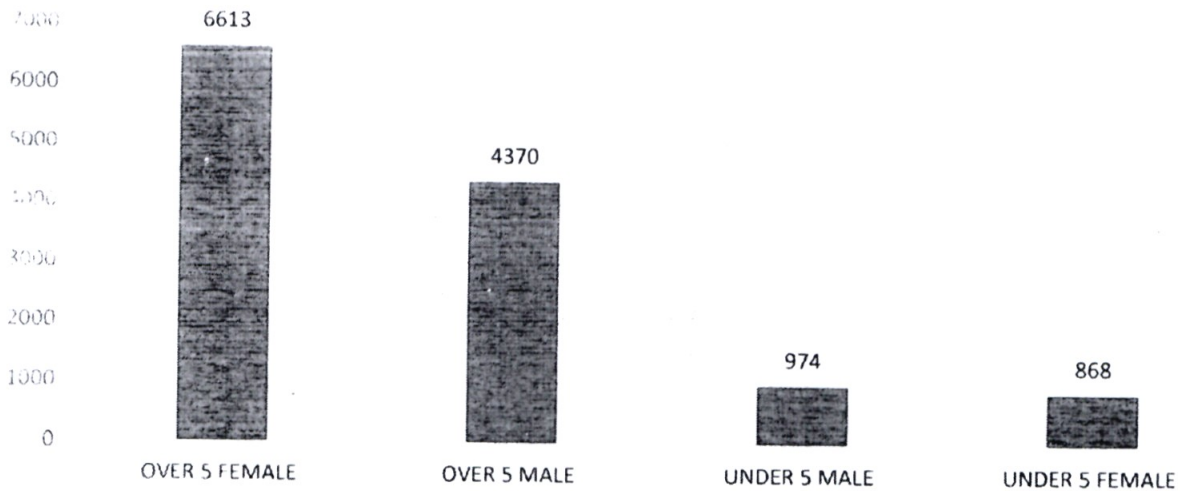


**MCH DEPARTMENT**

JULY 2024 TO 30<sup>th</sup> JUNE 2025

ANC	1717
CWC	5937
FP	2165
PNC	924

**MCH DEPARTMENT WORKLOAD FROM JULY 2024 TO JUNE 2025**



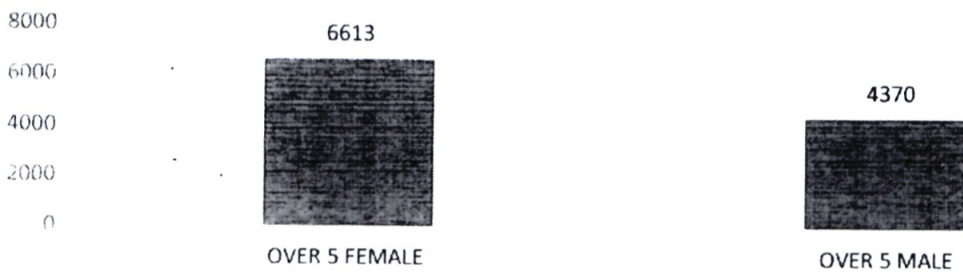
**RADIOLOGY DEPARTMENT**

31<sup>ST</sup> JULY 2024 TO 30<sup>TH</sup> JUNE 2025

General ultrasound -53

Obstetric ultrasound-242

**RADIOLOGY DEPARTMENT WORKLOAD FROM JULY 2024 TO JUNE 2025**



**LAB DEPARTMENT**

31<sup>ST</sup> JUNE 2024 TO 30<sup>TH</sup> JUNE 2025

Routine tests-6922

Special tests -41

**LAB DEPARTMENT WORKLOAD FROM JULY 2024 TO JUNE 2025**



**INPATIENT DEPARTMENT**

31<sup>st</sup> JULY 2024 TO 30<sup>TH</sup> JUNE 2025

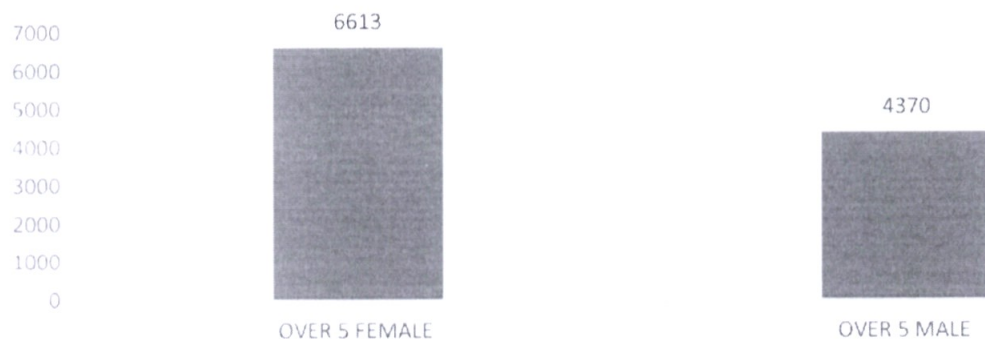
MEDICAL WARD-495

PEADS WARD -152

MATERNITY WARD-681(Normal deliveries =582 & C/s =35)

RENAL SESSIONS -176

**INPATIENT DEPARTMENT WORKLOAD FROM 31ST JULY 2024 TO 30TH JUNE 2025**



**SPECIAL CLINICS**

31<sup>ST</sup> JULY 2024 TO 30<sup>TH</sup> JUNE 2025

Mopc-1112

Dental-465

Sopc-201

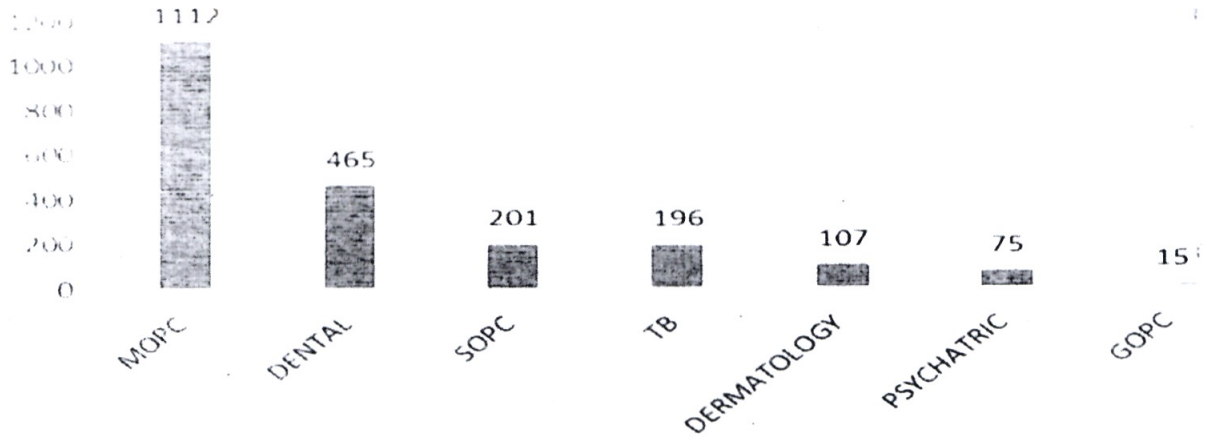
TB Clinic-196

Dermatology-107

Psychiatric-75

Gopc-15

**SPECIAL CLINICS WORKLOAD FROM 31ST JULY  
2024 TO 30TH JUNE 2025**



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

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

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

As a fund we conduct our operations in a manner that considers the environmental. we are committed to being transparent and open with our operations.

We actively engage with government regulators, customers, suppliers and citizens to create an environment that is supportive of solutions.

### **ii) Environmental performance**

As part of adopting energy efficient technology, hospitals incinerate their medical waste using bags for clinical waste; staff are also provided with personal protective equipment

### **iii) Employee welfare**

Employees are encouraged and supported to continually build on their skills and knowledge in courses in leadership, management and technical competencies relevant to each employee.

### **iv) Community Engagements**

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, the fund conducts clinical outreaches in the communities within its catchment area.

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

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

### **Principal activities**

The principal activities of the entity continue to be.

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainable generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health-related emergencies and disaster

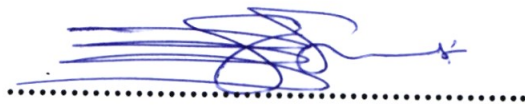
### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 5

### **Auditors**

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

By Order of the Board



Dr. Victor Moseti

**Secretary to the Board**

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

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

The Board of Management is responsible for the preparation and presentation of the Nyamache Level IV facility's financial statements, which give a true and fair view of the state of affairs of the Nyamache Level iv facility 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 Nyamache Level iv facility; (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 Nyamache Level IV facility'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 FIF Act. The Board members are of the opinion that the Nyamache Level IV facility's financial statements give a true and fair view of the state of Nyamache Level IV facility's transactions during the financial year ended June 30, 2025, and of the Nyamache Level IV facility's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Nyamache Level IV facility, which have been relied upon in the preparation of the Nyamache Level IV facility financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern and nothing has come to the attention of the Board of management to indicate that the Nyamache Level IV facility 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 29<sup>th</sup> Aug 2025 and signed on its behalf by:

.....  
**Name:** Donald Ombati  
**Chairperson**

.....  
**Name:** Dr. Victor Moseti  
**Accounting Officer**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON NYAMACHE LEVEL 4 HOSPITAL - COUNTY GOVERNMENT OF KISII FOR THE YEAR ENDED 30 JUNE, 2025**

### **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 Nyamache Level 4 Hospital - County Government of Kisii set out on pages 1 to 15, which comprise of the statement

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*Report of the Auditor-General on Nyamache Level 4 Hospital – County Government of Kisii for the year ended 30 June, 2025*

of financial position as at 30 June, 2025, and the statement financial performance, 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 Nyamache Level 4 Hospital-County Government of Kisii as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the with the Health Act, 2023 and the Public Finance Management, Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0. Non-compliance with the Prescribed Reporting Framework**

Review of the financial statements revealed the following instances of non-compliance with the financial reporting template prescribed for level 4 and level 5 hospitals by the Public Sector Accounting Standards Board in accordance with the provisions of Section 164(3) of the Public Finance Management Act, 2012:

- i. The statement of financial performance, and as disclosed in Note 2 to the financial statements, reflects transfers to Kisii County FIF amount of Kshs.17,086,932 under expenses. The amount was transferred to Facility Improvement Fund (FIF) Account. However, this expenditure item (Transfers to Kisii County FIF) is not provided for in the prescribed reporting template which requires expenses to be charged to the following chart of accounts: Medical/Clinical costs, Employee costs, Board of Management Expenses, Depreciation and amortization expense, Repairs and maintenance, Grants and subsidies, General expenses, Finance costs. This means that Management did not obtain expenditure returns from FIF to enable proper classification of expenses. This was contrary to 164(3) of the Public Finance Management Act, 2012, which provides that the accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.
- ii. The statement of financial performance reflects receivables of exchange transactions balance of Kshs.2,745,300. However, this as per charts of account is associated with the statement of financial position, not statement of financial performance.
- iii. The notes reflected in the financial statements start with Note 1, instead of Note 6.
- iv. The statement of changes in net assets reflects a balance of Kshs.399,612 as at July 1, 2024 which is not supported.
- v. The statement of cash flows indicates reference to notes in respect of receipt and payment items, contrary to the requirements of the reporting template. Further, the

statement does not have a note against net cash flows from operating activities as required.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board. Also, Management was in breach of the law.

## **2.0. Failure to Recognize Expenditures Incurred in the Statement of Financial Performance**

The statement of financial performance reflects transfer to other Government entities amount of Kshs.17,086,932 as disclosed in Note 2 the financial statement. Review of the bank statements and the cash book revealed that the revenue collected from the Hospital was transferred to the Kisii Facility Improvement Fund Account held in Kisii Town. However, the Hospital Management did not obtain expenditure returns from the Management of Kisii Facility Improvement Fund to enable classification of the expenditure into the chart of accounts provided in the prescribed reporting template, which include: Medical/Clinical costs, Employee costs, Board of Management Expenses, Depreciation and amortization expense, Repairs and maintenance, Grants and subsidies, General expenses, Finance costs.

Further, review of payment vouchers totalling Kshs.4,401,661 provided in support of the expenditure incurred by the Health Facilities improvement Fund on behalf of Nyamache Level 4 Hospital revealed the following anomalies:

- i. Payments made to suppliers were not supported by evidence of quotations floated to the prequalified suppliers for competitive bidding.
- ii. Supply of cleansing materials were not taken charge in stores register for controlled issuance.
- iii. Quotations and market survey for supply of firewood were not provided for audit.
- iv. Payment for the supply of pharmaceuticals and non-pharmaceuticals were not supported by evidence indicating whether the merchants engaged to supply pharmaceutical to the Hospital were registered with the Pharmacy and Poisons Board (PPB) as required by Section 6(1) of the Pharmacy and Poisons Act, Cap 244 of the Laws of Kenya.
- v. For payment for the supply of airtime, distribution list was not signed by the beneficiaries to acknowledge receipt.
- vi. Repair and servicing of motor vehicle was not supported by quotation, and pre and post inspection reports.
- vii. Payment of casual wages was not supported by approved staff establishment to evidence shortage of staff.

In the circumstances, the accuracy, completeness, propriety and fair presentation of the transfer to other Government entities amount of Kshs.17,086,932 could not be confirmed.

### **3.0. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and bank equivalents balance of Kshs.771,311 as disclosed in Note 4 to the financial statements. Review of records revealed that the balance was held in a revenue account at Kenya Commercial Bank. However, Management did not provide details of the cash book, bank statement and the certificate of bank balance for the Kisii Health Facility Improvement Fund Account held in Kisii Town in which payments on behalf of the Hospital were being done indicating the opening balance as at 1 July 2024, total receipts from the revenue bank account, payment made and the closing balance thereof.

Further, the nil cash in hand balance was also not supported by imprest register indicating that all imprests issued on behalf of the Hospital to the top management had been duly accounted for as at the reporting date. This was contrary to Regulation 90(1) of the Public Finance Management (County Governments) Regulations, 2015, which require Accounting Officers to ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submitted to the National Treasury not later than the 10 day of the subsequent month and a copy submitted to the Auditor-General.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.771,311 could not be confirmed.

### **4.0. Unconfirmed Valuation of Inventories**

The statements of financial position reflect nil balance in respect of inventories. However, Management did not provide the Inventory and Stock Taking Report for the year under review, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement Function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, the accuracy and completeness of the reported nil balance in respect to inventories could not be confirmed. Also, Management was in breach of the law.

### **5.0. Unconfirmed Property, Plant and Equipment (PPE) Balance**

The statement of financial position reflects nil balance in respect of property, plant and equipment. However, review of the documents revealed that the Hospital did not disclose its assets despite being in possession of various items which is a requirement before registration.

Further, interview with the staff and physical verification conducted on 10 November 2025 revealed that various assets including land, buildings, motor vehicle, furniture, computers and equipments were being used by the Hospital. However, Management did not provided a non-current asset register for audit review, containing important details such as asset tagging, serial/log book number, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and net book value of the assets as at the reporting date. This

was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In addition, ownership documents of land and the motor vehicle log books were not provided for audit review.

In the circumstances, the accuracy and completeness of the property, plant and equipment nil balance, and the effectiveness of internal controls on fixed assets could not be confirmed. Also, Management was in breach of the law.

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

### **Emphasis of Matter**

#### **1.0. Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis amounts of Kshs.25,000,000 and Kshs.17,931,957 respectively, resulting in underfunding of Kshs.7,068,043 or 28% of the budget.

The under underfunding affected planned activities and may have adversely impacted service delivery at the Hospital.

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 Information**

The Management is responsible for the Other Information set out on page iv to xv which comprises Key Hospital Information and Management, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting Statement, and Report of the Board of Governors and Statement of Board of Governors/ Council Members' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information

is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard

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

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

### Conclusion

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

### Basis for Conclusion

#### 1.0. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records obtained from the Nyamache Level 4 Hospital revealed total collection of Kshs.17,532,345 towards the health facilities improvement. Out of this amount, a total of Kshs.17,086,932 was transferred to County Health Facilities Improvement Fund Board account. However, the amount reimbursed by the Board to Nyamache Level 4 Hospital could not be ascertained. This is because the Board made payments on behalf of Nyamache Level 4 Hospital without disclosing the amount for the expenditures incurred. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the County Facilities Improvement Funds (FIF) was in breach of the law.

#### 2.0. Non-Compliance with Requirements on Universal Health Care

Review of the Hospital's operations and records during the year under review revealed that it operated below the set standards as per the Kenya Quality Assurance Model for Health Checklist for level 4 hospitals. The following deficiencies in inpatient implementation of Universal Health Care programme were observed:

Item	Level 4 Standard	No. in Hospital	Variance
Medical officers	20	2	18
Anesthesiologists	3	0	3
General surgeons	3	1	2

Gynecologists	3	1	2
Pediatrics	3	0	3
Radiologists	2	0	2
Kenya Registered Community Health nurses	151	26	125
<b>Total</b>	<b>185</b>	<b>30</b>	<b>155</b>

Further, the Hospital lacked or had shortage of the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Item	Level 4 Standard	No. in Hospital	Variance
Wards Beds Capacity	300	80	220
Resuscitaire (2 in Labour ward and one in theatre)	3	2	1
New Born Unit - Incubators (incubators and five (5) cots)	5	8	3
New Born Unit cots	5	3	2
Functional Intensive Care Unit - Beds	6	0	6
High Dependency Unit - Beds	6	0	6
Renal unit with at least 5 dialysis machines	5	3	2
Two functional operating theaters for maternity and general.	2	2	0

In addition, the Hospital did not offer pediatric services, radiology services, mortuary and autopsy services and advanced life support, which are required for level 4 hospital as outlined in the Health Policy Guidelines.

The deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

### 3.0. Non-Compliance with Law on Ethnic Diversity in Staffing

Review of records revealed that Hospital has a deployed workforce of eighty-two (82) staff from the Kisii County Public Service Board. It was noted that eighty-one (81) (99%) of all the staff deployed to the hospital by the Kisii County Public Service Board are from one dominant tribe. Further, the hospital had engaged nineteen (19) casual workers all of whom are from same dominant tribe. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff.

In the circumstances, management was in contravention of Section 74 of the county Government Act 2012.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0. Non-Compliant with the Guidelines on Full Board and Committee Meetings**

Records provided for audit revealed that the Hospital had a Board of Governors membership of ten (10) inclusive of the Medical Superintendent as the Secretary. However, review of records revealed that the Board did not establish the relevant committees, namely Finance, Administration and Infrastructure Committee; Education, Research and Training Committee; and Audit and Risk Management Committee. Further, management has not provided evidence that the full Board met during the period under review. This was contrary to the Circular Ref. No OP/CAB.9/1A from the Head of Public Service.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital could not be confirmed.

#### **2.0. Lack of Internal Audit Function and Audit Committee**

During the financial year under review, it was observed that the Hospital did not have an Internal Audit department as required by regulation 162(2) of the Public Finance Management (County Governments) Regulations, 2015. Further, there were no internal audit reports on the state of risk management, control and governance within the Hospital.

In addition, review of records revealed the during the period under review, the Hospital operated without an Audit Committee, contrary to the provisions of Regulation 179(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital could not be confirmed. Also, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

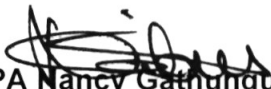
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance

with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL


Nairobi

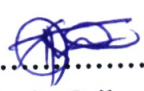
03 December, 2025


14. Statement of Financial Performance for the Period Ended 30 June, 2025

Description	Note	2024/2025
		Kshs
<b>Revenue from exchange transactions</b>		
Rendering of services- Medical Service Income	1	17,532,345
Receivables of exchange transaction	5	2,745,300
<b>Revenue from exchange transactions</b>		<b>20,277,645</b>
<b>Total revenue</b>		
<b>General Expenses</b>		
Transfer to kisii county FIF	2	17,086,932
Bank Charges	3	73,714
<b>Total expenses</b>		<b>17,160,646</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>3,116,999</b>

The Hospital's financial statements were approved by the Board on 29<sup>th</sup> Aug 2025 and signed on its behalf by:


  
 .....  
 Donald Omabti  
**Chairman**  
**Board of Management**


  
 .....  
 Kevin Oribu  
**Head of Finance**  
**ICPAK No: 22784**

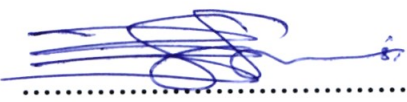
  
 .....  
 Dr. Victor Moseti  
**Medical Superintendent**

**15. Statement of Financial Position as at 30<sup>th</sup> June 2025**

Description	Note	2024/2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	771,311
Receivables from exchange transactions	5	2,745,300
<b>Total Current Assets</b>		<b>3,516,611</b>
<b>Non-current assets</b>		-
<b>Total Non-current Assets</b>		-
<b>Total assets</b>		<b>3,516,611</b>
<b>Liabilities</b>		
Current liabilities		0
<b>Total Current Liabilities</b>		<b>0</b>
<b>Net assets</b>		<b>3,516,611</b>
<b>Represented By:</b>		
Accumulated surplus/Deficit		<b>3,516,611</b>

  
 .....  
**Donald Ombati**  
**Chairman**  
**Board of Management**

  
 .....  
**Kevin Oribu**  
**Head of Finance**  
**ICPAK No: 22784**

  
 .....  
**Dr. Victor Mosei**  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/deficit	Total
	Kshs		Kshs
<b>As at July 1, 2024</b>	-	399,612	<b>399,612</b>
Surplus/(deficit) for the year	-	3,116,999	3,116,999
Capital/Development grants	-	-	-
<b>As at June 30, 2025</b>	-	<b>3,516,611</b>	<b>3,516,611</b>

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

<b>Description</b>	<b>Rate</b>	<b>Amount</b>
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Rendering of services- Medical Service Income	1	17,532,345.20
<b>Total Receipts</b>		<b>17,532,345</b>
<b>General Expenses</b>		
Transfer to Kisii county FIF	2	17,086,932
Bank Charges	3	73,714
<b>Total Expenses</b>		<b>17,160,646</b>
<b>Net cash flows from operating activities</b>		<b>371,699</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>371,699</b>
Cash and cash equivalents as at 1 July, 2024		399,612
<b>Cash and cash equivalents as at 30 June, 2025</b>	4	<b>771,311</b>

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

	<b>A</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Opening bal		<b>399,612</b>	<b>399,612</b>	<b>399,612</b>	<b>0</b>	<b>100%</b>
<b>Revenue</b>						
Rendering of services- Medical Service Income	25,000,000.00	-	25,000,000.00	17,532,345.20	7,467,654.80	70.13%
<b>Total income</b>	<b>25,000,000.00</b>	-	25,000,000.00	<b>17,931,957.20</b>	7,068,042.80	71.73%
<b>Expenses</b>			-			
Transfers From Other Government Entities	24,920,000.00	-	24,920,000.00	17,086,932.25	7,833,067.75	68.57%
General expenses	80,000.00	-	80,000.00	73,714.00	6,286.00	92.14%
<b>Total Expenses</b>	25,000,000.00	-	25,000,000.00	<b>17,160,646.25</b>	7,839,353.75	
<b>Surplus for the period</b>	-	-	-	<b>771,310.95</b>	(771,310.95)	

**Notes:**

Under -utilization of transfers from other government entities of 20% was due delay in payments of SHIF claims.

Under -utilization of general expenses by 16% was due to lower than expected costs in bank charges.

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

Nyamache Level IV Hospital entity is established by and derives its authority and accountability from the Kisii County Health Facilities Improvement Fund Act. The facility provide health care services to the community.

## **20. 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 fund's accounting policies.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

22. Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

Standard	Effective date and impact:
	<p>standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><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>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 of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1<sup>st</sup> January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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>

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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

<b>Standard</b>	<b>Effective date and impact</b>
	position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires: - i. 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: ii. 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.

**iii. Early adoption of standards**

The fund did not early – adopt any new or amended standards in the year 2024/2025

**1. 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 fund and can be measured reliably.

**a) Revenue from exchange transactions**

**i) Rendering of services**

The fund 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.

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board. No *Subsequent* revisions or additional appropriations were made to the approved budget. The fund'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 financial performance has been presented under Budgetary notes to these financial statements.

**c. Related parties**

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

**d. 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.

**e. Comparative figures**

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

**f. 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.

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

The preparation of the Fund'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.

**Notes to Financial Statements Continued**

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

Description	
User Fee	6,936,011
SHA/SHIF	10,596,334
<b>Total</b>	<b>17,532,345</b>

**2. Transfers to Kisii county FIF Account**

Description	KShs
Transfer to FIF A/C	17,086,932
<b>Total</b>	<b>17,086,932</b>

**3. Bank charges**

Description	KShs
Bank Charges	73,714
<b>TOTAL</b>	<b>73,714</b>

#### 4.(a) Cash And Cash Equivalents

Description	KShs
Current accounts	771,311
<b>Total cash and cash equivalents</b>	<b>771,311</b>

#### 4(b). Detailed Analysis of Cash and Cash Equivalents

Description	Account number	2024-2025 KShs
<b>Financial institution</b>		
a) <b>Current account</b>		
Kenya Commercial Bank	1102024392	771,311
<b>Grand total</b>		<b>771,311</b>

#### 5.Receivables From Exchange Transactions

Description	2024-2025
	KShs
Medical services receivables-NHIF	2,745,300
<b>Total receivables</b>	<b>2,745,300</b>

#### 6. 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.

Kisii County Government is the principal shareholder of the Nyamache level iv, 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 County Government;
- ii) Board of Directors;
- iii) Key Management
- iv) Department of health
- v) **Events after the Reporting Period**

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

**vi) Ultimate and Holding Entity**

The entity is a Semi- Autonomous Government Agency under the Department of Health . Its ultimate parent is the County Government of Kisii.

**vii) Currency**

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

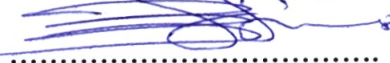
**7. Appendices**

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

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

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

The health facility is being audited for the first time



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**Accounting Officer**