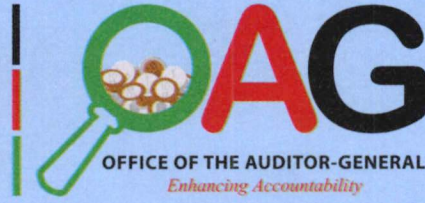


REPUBLIC OF KENYA



**REPORT**

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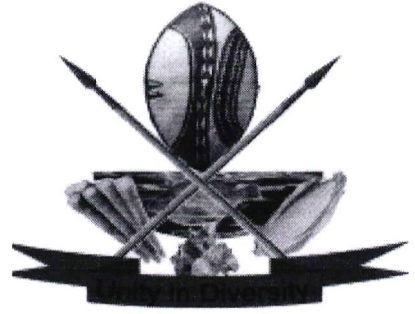
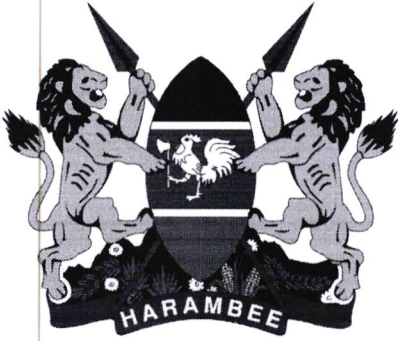
**ISEBANIA SUB-COUNTY HOSPITAL**

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

**MIGORI COUNTY GOVERNMENT**

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# **ISEBANIA SUBCOUNTY HOSPITAL MIGORI 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)**

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**Acronyms & Glossary of Terms**

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 Isebania Sub County Hospital.

**1. Key Isebania Sub County Hospital Information and Management**

**(a) Background information**

Isebania Sub County hospital is a level 4 hospital and is domiciled in Migori County under the Health Medical Service Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The Vision is to have a healthy, productive and competitive community.

Mission: To build a progressive response and sustainable healthcare system for accelerated attainment of the highest standard of health to all people in the region.

**(c) Key Management**

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

County department of health-Chief Officer Medical Services

Medical Superintendent

Board of Management

Accountant

Hospital departmental Heads

**(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	Joash Atuti Nyangau
2.	Head of supply chain	Kennas Odongo
3.	Hospital Administrator	Boke Sharon Murimi
4.	Head of Accounts	Stephen Nyainda

**Fiduciary Oversight Arrangements**

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

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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- Other oversight committees

**Key Isebania Sub County Hospital Information and Management (continued)**

- Parliamentary committees
- Other oversight committees

**(e) Isebania Sub County Hospital Headquarters**

P.O. Box 129 -40414  
Isebania Sub-County Hospital  
Isebania-Kisii Highway  
ISEBANIA- KENYA

**(f) Isebania Sub County Hospital Contacts**

Telephone: (+254) 740732302  
E-mail: [joatuti@gmail.com](mailto:joatuti@gmail.com)

**(g) Isebania Sub County Hospital Bankers**

Kenya Commercial Bank  
A/C No, 1158858434  
A/C No, 1318286395

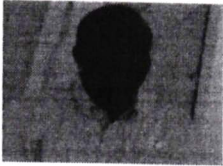





**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**



**County Attorney**  
P.O. Box. 202  
MIGORI, Kenya

## 2. The Board of Management




Ref	Directors	Details
1.	Medsup 	Name: Joash Atuti Nyangau Age : 50 Yrs Academic Qualification: Diploma in Clinical Medicine (Over 25 years as a clinician) -Chairs the Technical teams of the Hospital
2.		Hospital Chairperson: Clara Nyasonge Chacha Age: 53yrs Profession: Teacher (over 20Years) Academic Qualification: Degree
3.		Name: Magdalene Lilian Bongo Age: 55 Years old Occupation: Retired Teacher (Over 25 years as a teacher)
4.		Name: Murimi Mantage Sammy Age: 50yrs Academic Qualification: Diploma Farmer
5.		Name: Ann Wangare Mugambi Age:47 years old Academic Qualification; KCSE Occupation: Business woman for over 10 years)
6.		Name: Jackson Monanka Chacha Age: 41yrs Occupation: Business Man (for 6 years)

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**





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7.		Name : David Nyakiha Age: 28yrs ID No: 35489772 Level of Education: Form four Member Occupation: Business man
8.		Name: Daniel Masero Age: 51 Education Level: 8 Occupation: Business Person

**3. Key Management Team**

Ref	Management	Details
	<p>Medical Superintendent Joash Atuti Nyangau</p> 	<p>Co-Ordinate the general Function of the Hospital</p> <ul style="list-style-type: none"> <li>• Clinical Functions</li> <li>• Nursing Functional</li> <li>• Medical Functions</li> <li>• Referral Function</li> <li>• Procurement and Accounting</li> <li>• Diagnostic Functions</li> <li>• Staff relations and Disciplines</li> <li>• Patients Welfare</li> </ul>
2.		<p>The Administrator: Boke Sharon Murimi  Age : 35 Years  Academic Qualification: Business Administration  Duties</p> <ul style="list-style-type: none"> <li>• Co-ordinate administration issues in conjunction with Medsup</li> <li>• Ensuring the working environment is clean</li> <li>• In charge of Non-Medical Staff</li> <li>• Ensuring that the utility Vehicles and Ambulances are serviced and operational</li> <li>• Secretary to then HMT</li> <li>• Assist in hospital day to day running and coordinating Revenues collected and Banking of the same</li> </ul>
3.		<p>Name: Zacharia K Ndubi  Age 53,  Bachelors in public health.  Public Health Officer in charge)</p>

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

4.		<p>Yusuf M.Omahe,          Age 52yrs,          Academic Qualification: KRCHN (Diploma in nursing)          Duty: Nursing officer in charge.</p>
5.		<p>Sarah R. Mohabe          Age 27yrs,          Academic Qualification: Diploma in health records information officer          Duty: HRIO in charge</p>
6.		<p>Elly Omondi Okello          Age 45yrs,          Qualification: Bachelor of medical laboratory science.          Duty: Lab in charge</p>
7.		<p>Dr, Abraham.N. Ongwae.          Age, 43yrs, bachelor of pharmacy.          Duty: Pharmacy in charge</p>

#### **4. Chairman's Statement**

As the board chair of Isebania Sub County Hospital, I am pleased to present you the financial statement for the hospital for the financial year ended 30<sup>th</sup> June 2025. The hospital has performed significantly well compared to the previous financial year which to a greater percentage has been attributed by increase in the uptake of social health insurance fund and donor funds. The hospital has registered some notable infrastructural growth such as hospital facelift among others. As the representative of the board members, we are opportunistic that the hospital is headed in the right direction and we encourage the general public to consider and prefer our hospital for their medical attentions it is well equipped with modern machines and well-trained medical practitioners.

The hospital has a lot of opportunities that can be tapped from expert doctors, clinicians, nurses and wide mix of talents whose wisdoms and expertise has seen the hospital taking great miles in terms of service delivery to the residents and the county government of Migori as a whole. It has therefore formed a key pillar towards the achievement of affordable quality healthcare to the community.

Some of the key functions of management are:

- Responsible for patient care service
- Provision of general oversight
- Represent community interest on resource allocation and planning
- Health promotion agent to the hospital catchment population
- Articulate and represent community interest on health matters.
- Facilitate feedback processes to the community pertaining to operations and management of the hospital with facts-based information.
- Mobilize community resources towards the development of health services.

Some of the basic principles of the board are:

- Provision of oversight role and direction
- Work on behalf of the government
- Ensure that formulated policies of health ministry are implemented.
- Guide the hospital administration to implement policies
- Monitor and evaluate the outcome of implemented policies

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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In Conclusion we extend our appreciation to the Governor of Migori County, His Excellency Dr. Mbogo Ochillo Ayako and the department of health as a whole.



.....  
**Name: Clara Nyasonge Chacha**

**Chairman to the Board**

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

In the last financial year ending June 2025 Isebania sub county, hospital has demonstrated a dedicated approach in managing its own resources effectively whereby there has been a progressive infrastructural growth registered by the hospital. The hospital was also able to receive medical staff from the county government which helped in improving service delivery to the public. Our financial performance reflects a comprehensive and strategic approach to budgeting and expenditure, aimed and enhancing patient care and operational efficiency.

In the financial year the facility the revenue has been steaming mainly from patient services and have been closely monitored and managed. Our expenditure has been planned and assigned to a specific activity of the hospital including infrastructures improvement, patient feeding program and staffs welfare, though we have experienced some differences from the planned budget this has been addressed effectively though cost control measures.

The hospital has experienced several financial challenges including fluctuating patient flow inconsistent medical supplies and poor infrastructure. However, through the targeted interventions and effective resource management, we have been able to achieve improved service delivery and implementations of new programs.

The hospital has also managed to utilize the resources they have to ensure the smooth running of its operations from the allocations.

Moving forward the facility team is focused on sustaining our financial stability while enchaining the quality of care provided to our patient. We are aiming at a continued effort to optimize our financial resources and seek additional funding opportunities to support our objectives.

I would like to extend my gratitude to His Excellency Dr. Mbogo George Ochillo Ayako, my staffs and stakeholders in their dedication and hard work to ensure quality care to our patients despite the challenges in place. Your contributions have been extremely useful in steering complexities of our financial landscape and achieve our financial goals.



.....  
**Name      Jaosh Atuti Nyangau**

**Secretary to the Board**

**Isebania Sub County Hospital (Migori County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

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

*Isebania Sub County Hospital* has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024-25. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Planning and administrative support services

Pillar/theme/issue 2: Preventive and promotive health services

Pillar/theme/issue 3 Curative, rehabilitative and referral services

*Isebania Sub County Hospital* develops its annual work plans based on the above 3 pillars/Themes/Issues. 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 2024/25 period for its 3 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Planning and administrative support services</b>	To ensure efficient and effective well-coordinated health services	No Of health policies developed  No. of Annual Work Plans developed  No. of Strategic plans developed	Developing Annual work plans.  Conducting performance reviews  Renovation of consultation rooms and ceiling	One work plan developed  Biannual and annual review conducted  Quarterly performance reviews conducted
	To increase, develop, retain and motivate health personnel	% of performance reviews conducted		

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

	To construct, expand, maintain and improve health infrastructure	% quarterly support supervision conducted	Conducting performance reviews	Renovation of health infrastructure conducted
	To accelerate scale up of Universal Health Coverage	% quarterly data quality audits conducted	Conducting support supervision Conduct data review audits	Quarterly supervision conducted Quarterly audits conducted
<b>Preventive and promotive health services</b>	To reduce the burden of preventable diseases and promote healthy lifestyles among communities	% of hospitals supplied with Pharmaceuticals % of hospitals supplied with Non-Pharmaceuticals	Supplying the hospital with pharmaceuticals, on pharmaceuticals,	ISCH was supplied with medical drugs non pharmaceuticals, laboratory reagents, vaccines and ultra sound supplies from MEDS, KEMSA and local suppliers.
	To reduce maternal and new-born mortality	% of hospitals supplied with Laboratory Reagents	laboratory reagents, vaccines and ultra sound supplies	
	To increase community health units to cover 100% of the county villages	% of hospitals supplied with Vaccines and sera % of hospitals supplied with medical equipment		
	To improve coverage of facilities offering adolescent and youth friendly service	% of hospitals supplied with X-ray supplies		

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

	To implement a robust and multisectoral approach in preventing and managing Covid 19 pandemic	% of hospitals supplied with patient food and rations  % Increase in number of blood units donated		
<b>Curative, rehabilitative and referral services</b>	To provide affordable curative, rehabilitative and referral services  To improve access to essential health services provision	% of functional ambulances available for referral  % of specialized services provided at primary health facilities	Functioning ambulances on referrals. Functional health service units	1 ambulance available for referrals. Dental unit, ENT unit, Ultrasound unit available for the mentioned services

## **7. Corporate Governance Statement**

During the Financial Year 2024/25 the Board Member held quarterly meetings to discuss the performance of the hospital. Consequently, the meetings were convened every time the facility receive funds from Migori Health Services Fund Board to discuss and see the areas which need urgent funding so that facility to continue operating normally. These meetings were held in the medical superintendent boardroom. The Board members also were taken through the previous financial audit review report for the period 2023/24 where a discussion was made.

Consequently, board members training was carried towards the end of the financial year on various matters pertaining to health and the new health insurance cover that is yet to be adopted by the hospital and how it might affect the operation of the facility. The hospital board are appointed by the Chief Executive Officer- Health who are then gazetted in the Kenyan Gazette. For the new members, a mandatory induction is done to them so that they can be a par with various regulations and operations of health as a sector. The board are entitled to a sitting allowance and various transport and lunch reimbursement anytime they sit.

### **The Roles and Functions of The Board Members**

- i. Responsibility for patient care and the overall quality of service in the hospital by demonstrating leadership in determining priorities for the hospital that is consistent with the available resources.
- ii. Provision of general oversight for the general operations and management of the hospital.
- iii. Represent community interests in resource allocation and planning within the hospital.
- iv. Health promotion agents to the hospital catchments population on behalf of the hospital.
- v. Articulate and represent local community interests on health matters in local development forums.
- vi. Facilitate feedback process to the community pertaining to the operations and management of the hospital.
- i. Mobilize community resources towards the development of health services within the hospital.

### **Ethics and Conduct of Board Members**

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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The code of ethics outlines the principles and standards that guide the conduct of the board members in overseeing the hospital operations. Some of these principles include:

- Commitment to the hospital Mission and Vision ensuring that all the action plans and decisions are in line with the achievement of the later.
- Integrity and Accountability: This is where the hospital board members are required to operate with utmost honesty and transparency while making financial decisions of the hospital.
- Confidentiality: This is where the hospital board members are required to respect the patients and staff confidentiality and safeguard sensitive information from unauthorized disclosure.
- Conflict of Interest: This is where the board members are required to disclose any potential conflicts of interest and recuse oneself from related decision making.
- Compliance With Laws and Regulations: The hospital board members are required to comply with the hospital governing laws and regulations.
- Respect and Fairness: The hospital board members are required to respect one another's decision and to treat one with utmost respect, fairness and dignity.
- Ethical decision Making: The hospital board Members are encouraged and required to prioritize on issues which are geared towards the improvement of patients' wellbeing as opposed to personal interest.
- Financial Stewardship: The hospital board members are required to oversee the hospital financial health with diligence, ensuring resources are used effectively and responsibly to advance the hospital mission.
- Collaboration and Communication: Hospital board members are encouraged to work collaboratively with one another to ensure that best decisions are arrived at.

## **8. Management Discussion and Analysis**

### **Financial performance**

Isebania Sub County Hospital registered a total of Ksh. 28,533,134 (Twenty-Eight Million Five Hundred and Thirty-Three Thousand One Hundred and Thirty-Four) as the revenue for financial year 2024/25. This resulted to Ksh. 18,771,490 growths in revenue compared to the Fy 2023/24. In line with this, the hospital collected a total of Ksh. 19,241,536 from exchange transactions and did not register any funding from the county government. Further, the hospital received donor funds worth Ksh. 9,291,598 which were majorly in form of supply of medical drugs to the hospital. The hospital registered an increase in the net surplus for the period of Ksh. 1,711,222 from Ksh. 6,222,172. This is a true indication that the hospital has laid down various mechanisms such automation of revenue system through paybill, increase donor funding and Health services fund. Further, the hospital also incurred a total of Ksh. 20,599,740 (Twenty Million Five Hundred and Ninety-Nine Thousand Seven Hundred and Fourty) as operating expense for the year. This also increased by Ksh. 17,060,268 which was majorly attributed by increase in donor funding through medical drugs donations.

### **Clinical/Operational Performance**

The following were some of the key operational performances realised by the Isebania Sub County Hospital during the financial year 2024/25

1. Bed capacity of the hospital. 70
2. Overall patient attendance during the year for inpatient 967 and outpatient 12,603
3. Accident and Emergency attendance - patients
4. Specialised clinic attendance -145patients
5. Average length of stay for in-patient 5 Days
6. Bed occupancy rate 43%
7. Mortality rate -0.01%
8. Surgical theatre utilisation (number of operations over a period of time) – No service
9. Sponsorships and partnerships.
  - KEMRI
  - CIHEB
  - TUKICHEKI
  - HFA

**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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**Revenue sources.**

The Revenue streams for the Hospital is mainly Facility improvement fund.



.....  
**Name: Joash Atuti**

**Secretary to the Board**

## **9.Environmental And Sustainability Reporting**

Environmental Sustainability Report 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***

- ii)** The hospital is strategically located in Isebania Town where it is one of the reliable facilities in the town. This makes it to have a larger space for patients which will attribute positively to the revenue growth of the hospital. The hospital also enjoys good political good will.

### ***iii) Environmental performance***

Installation of microwave machine to control and treat health care waste reducing accidents and pollution

Formed committees to carryout infection prevention and control within the work environment

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.in the work environment

### ***iv) Employee welfare.***

Hiring Services is done by Migori County Public Service Board. The Process is competitive as the Gender ratio and others Factors are considered. The Opportunities are advertised in the local Gazzette

### ***v) Market place practices-***

The Isebania Sub County Hospital encourages good market practices as outlined below:

#### ***a) Responsible competition practice.***

Display of Service chatters

Carryout exit visit interviews

Provisions of complaints and suggestion box

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

The Hospital raises requisition to procurement who invites the public through open tenders and gazzetment process

The bidders are evaluated and the awarding is done committees formed by the management

***c) Responsible marketing and advertisement***

The facility being a public entity endeavours to uphold service to common mwanachi at all levels. All advertisements are targeting to ensure the public is aware of services being offered or any upcoming donor sponsored surgeries.

***d) Product stewardship***

Isebania Sub County Hospital endeavours to maintain incinerators for better waste management.

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

The facility has been carrying out outreaches to different areas such as markets, schools, churches and other community engagement forums so as to encourage girls to avoid early pregnancies and in case they conceive, they should seek proper health care services like attending all antenatal visits so as to delivery in the formal way.

**Report of The Board of Management**

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

**Principal activities**

The principal activities of the Isebania Sub County Hospital are provision of quality, accessible and affordable health services to the citizens.

**Results**

The results of the Isebania Sub County Hospital for the year ended June 30 2025 are set out on pages 1 to 5.

**Board of Management**

The members of the Board who served during the year are shown on page v. During the year no director retired or resigned.

**Auditors**

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

By Order of the Board



.....  
**Name     Joash Ngangau Atuti**

**Secretary to the Board**

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


The Board of Management is responsible for the preparation and presentation of the Isebania Sub County's financial statements, which give a true and fair view of the state of affairs of the Isebania Sub County for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Isebania Sub County, (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 Isebania Sub County; (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 *Isebania Sub County's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Isebania Sub County's financial statements give a true and fair view of the state of Isebania Sub County's transactions during the financial year ended June 30, 2025, and of the Isebania Sub County's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Isebania Sub County Hospital, which have been relied upon in the preparation of the Isebania Sub County Hospital's financial statements as well as the adequacy of the systems of internal financial control.

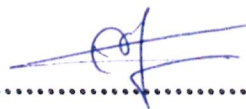
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the Isebania Sub County Hospital will not remain a going concern for at least the next twelve months from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

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 19<sup>th</sup> August 2025 and signed on its behalf by:



.....  
**Name: Clara Nyasonge Chacha**  
**Chairperson**  
**Board of Management**



.....  
**Name: Joash Atuti**  
**Accounting Officer**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON ISEBANIA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE 2025 – MIGORI COUNTY GOVERNMENT**

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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 Isebania Sub-County Hospital - Migori County Government set out on pages 1 to 42, which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in equity, 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 Isebania Sub-County Hospital as at 30 June 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

## **Basis for Qualified Opinion**

### **1. Accuracy of Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 17 to the financial statements reflects Kshs.7,944,494 in respect to receivables from exchange transactions. However, review of documents revealed the balance include an amount of Kshs.1,672,819 which had been outstanding for more than one year and Management did not outline the measures it had put in place to ensure that the pending claims are recovered. Further, the entity did not have the debt management policy hence difficult to manage its receivables. In addition, review of receivables from Social Health Authority (SHA) revealed that there were claims totaling to Kshs.1,576,800 which had been rejected by the Authority and Management did not give an explanation on why the same was rejected and whether it arose from fraudulent claims being submitted to SHA and the remedial measures management has instituted on the rejected claims. The audit also revealed that the facility still uses manual system in all the operations within the facility which is prone to abuse and which poses weaknesses in accountability.

In the circumstances, the accuracy, completeness and regularity of the Kshs.7,944,494 in respect to receivables from exchange transactions could not be confirmed.

### **2. Non-Disclosure and Doubtful Ownership of Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects Kshs.87,000 in respect to net book value of property, plant and equipment as at 30 June 2025. However, review of the financial statements revealed that the entity did not disclose its assets despite being in a possession of various items which is a requirement before registration. Further, review of hospital records and physical verification conducted on 3 November, 2025 revealed that various assets including land, buildings, furniture, computers and medical equipment were in existence at the facility but had not been disclosed in the financial statements.

In addition, the title deed for land where the facility sits were not provided for audit review. Further, the asset register provided for audit review did not contain crucial details such as cost of the asset, date of acquisition, depreciation and the net book value contrary to National Treasury Circular No 5/2020 which require such information to be reflected in the asset register.

In the circumstances, the accuracy and regularity of the Kshs.87,000 in respect to property plant and equipment could not be confirmed.

### **3. Accuracy of the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects Kshs.28,534,371 in respect to final receipts budget. Further the statement reflects Kshs.20,585,240 in respect to final expenditure budget resulting to Kshs.7,949,131 budget imbalance which was however not reconciled or explained. In addition, management did not provide an approved budget for the year under review and therefore further analysis of the budget was impeded.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Isebania 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 receipts budget and actual on a comparable basis of Kshs.28,534,371 and Kshs.20,589,876 respectively resulting in an underfunding of Kshs.7,944,494 of 28% of the budget. Similarly, the Hospital expenditure amounted to Kshs.20,585,240 against the realized receipts of Kshs.20,589,876 resulting in an underutilization of Kshs.4,636 or full utilization of the actual receipts.

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

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Hospital in 2024/2025 revealed that the following three (3) issues remain unresolved:

<b>S/No</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported Trade and Other Payables Balances
2	2023/2024	Non-Disclosure and Doubtful Ownership of Property, Plant and Equipment
3	2023/2024	Non-Compliance with Requirements on Universal Health Care (UHC)

### **Other Information**

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

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

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

Review of revenue records obtained from the Isebania Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.19,173,042 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.10,734,161 to the Sub-County Hospital resulting in a deficit of Kshs.8,438,881. 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 Migori County Health Services Fund was in breach of the law.

### **2. Non-Existent Sub-County Health Management Committee**

Review of governance structures at the hospital did not confirm the existence of a sub-county health management committee and a health facility management committee appointed and gazetted by the County Executive committee member in line with Section 12 of the Health Facilities Financing Act, 2023 which requires a sub-county health management committee for each sub-county to be in place. According to the Act, a sub-county health management committee supports the health facility management teams in preparing annual and quarterly operational plans including their respective budgets and procurement plans.

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

### **3. Shortfall in Administrative Staff of the Hospital**

Review of the Hospital's operations and records revealed that the health facility operated below the set standards as per the KMPDC checklist for level 4 hospitals as it did not have in place; a human resource officer, account assistant, four (4) cashiers, two (2) ICT officers and an office assistant contrary to the Kenya Medical Practitioners and Dentists Council (KMPDC) resourcing requirements for level 4 hospitals which requires that the administrative staff for Level 4 Hospital shall comprise of a medical superintendent/medical director, a health administrative officer, a human resource officer, an accountant, an accountant assistant, four (4) cashiers, an office administrator/assistant and two (2) ICT Officers.

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

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

Review of the Hospital's operations and records revealed that the health facility operated below the set standards as per the Kenya Quality Assurance Model for Health Checklist for level 4 hospitals. The following deficiencies in implementation of Universal Health Care (UHC) programme were observed: -

Item	Level 4 Standard	No. in Hospital
Medical officers	16	0
Anesthesiologists	2	0
General surgeons	2	0
Gynecologists	2	0
Pediatrics	2	0
Radiologists	2	0
Kenya Registered Community Health nurses	75	13
Surgical Services	Should be in place	In place but minor
Pediatric services	Should be in place	Not in place
Gynecological services	Should be in place	Not in place
In-patients' services	Should be in place	In place
Radiology services	Should be in place	Only ultrasound
Renal dialysis services	Should be in place	Not in place
Tuberculosis management	Should be in place	In place
Mortuary and autopsy services.	Should be in place	Not in place
Advanced life support	Should be in place	Not In place
Caesarian sections and surgical operations	Should be in place	Not in place
Laboratory services of Lab class D		In place
Inpatient Beds	150	30
Resuscitaire (2 in Labour ward and one in theatre)	3	2 Labour ward
New Born Unit – Incubators	5	2
New Born Unit cots	5	0
Functional intensive care unit - Beds	6	0
High dependency Unit - Beds	6	0
Renal unit with at least 5 dialysis machines	5	0
Two functional operating theaters for maternity and general.	2	0

In addition, physical verification conducted on 4 November, 2025 revealed that the hospital does not have an incinerator for waste disposal neither had the hospital adopted a burn and bury method of disposal. As a result, medical waste lies undisposed in the hospital compound before it is assembled and transported to other public health facilities for disposal. The medical waste lying undisposed in the hospital waiting disposal therefore, is a great risk to the patients and employees.

Further, the deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya 2010 may not be achieved. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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**

#### **Lack of Risk Management Policy**

During the year under review, the Hospital operated without a documented risk management policy framework. Further, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on the hospital's operations to have been undertaken at the facility contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 requires that the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal controls that builds robust business operations. The Hospital operations therefore may be exposed to unmeasured level of risks which may interrupt service delivery.

In the circumstances, the effectiveness of risk management system at the Hospital could not be confirmed.

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

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

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

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

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

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

Those charged with governance 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**

**09 December, 2025**

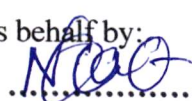
**Isebania Sub County Hospital (Migori County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

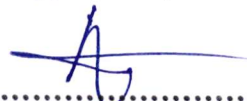
**12. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024 -2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public Contributions and Donations	6	9,291,598	-
In Kind Contribution from County Government	7	-	1,164,779
<b>Revenue from non-exchange transactions</b>		<b>9,291,598</b>	<b>1,164,779</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	19,241,536	1,789,165
Transfers from other government entities	9	-	6,807,700
<b>Revenue from exchange transactions</b>		<b>19,241,536</b>	<b>8,596,865</b>
<b>Total revenue</b>		<b>28,533,134</b>	<b>9,761,644</b>
<b>Expenses</b>			
Medical/Clinical costs	10	15,234,342	1,316,700
Board of Management Expenses	11	141,000	188,000
Employee costs	12	125,888	1,270,668
Repairs and maintenance	13	2,787,388	244,000
General expenses	14	2,296,623	505,604
Depreciation	15	14,500	14,500
<b>Total expenses</b>		<b>20,599,740</b>	<b>3,539,472</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>7,933,394</b>	<b>6,222,172</b>

The Hospital's financial statements were approved by the Board on 19<sup>th</sup> August 2025 and signed on

its behalf by:







Chairman: *Elasa Nyasonge Chacha*

Head of Accounts:  
Stephen Nyainda

Medical Superintendent:  
Joash Nyangau

Board of Management

ICPAK No: *31086*

**Isebania Sub County Hospital (Migori County Government)**  
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**13. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	4,637	1,237
Receivables from exchange transactions	17	7,944,494	8,480,519
Inventories	18	9,686,816	1,526,297
<b>Total Current Assets</b>		<b>17,635,947</b>	<b>10,008,053</b>
<b>Non-current assets</b>			
Property, plant, and equipment	19	87,000	101,500
<b>Total Non-current Assets</b>		<b>87,000</b>	<b>101,500</b>
<b>Total assets</b>		<b>17,722,947</b>	<b>10,109,553</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	1,540	321,540
<b>Total Current Liabilities</b>		<b>1,540</b>	<b>321,540</b>
<b>Net assets</b>		<b>17,721,407</b>	<b>9,788,013</b>
<b>Represented By</b>			
Accumulated surplus/Deficit		17,721,407	9,788,013
<b>Total Net Assets</b>		<b>17,721,407</b>	<b>9,788,013</b>


The Hospital's financial statements were approved by the Board on 19<sup>th</sup> August 2025 and signed on its behalf by:



.....  
**Chairman:** Clara Nyasonge  
 Chachia  
**Board of Management**



.....  
**Head of Accounts:**  
 Stephen Nyainda  
 ICPAK No: 31086



.....  
**Medical Superintendent:**  
 Joash Nyangau

**Isebania Sub County Hospital (Migori County Government)**  
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**14. Statement of Changes in Net Asset for The Year Ended 30 June 2025**

<b>Description</b>	<b>Accumulated surplus/Deficit</b>	<b>Total</b>
At July 1, 2023	3,565,841	3,565,841
Surplus/(deficit) for the year	6,222,172	6,222,172
At June 30, 2024	9,788,013	9,788,013
At July 1, 2024	9,788,013	9,788,013
Surplus/(deficit) for the year	7,933,394	7,933,394
At June 30, 2025	17,721,407	17,721,407

**Isebania Sub County Hospital (Migori County Government)**  
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**15. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services- Medical Service Income		11,297,041	2,476,429
<b>Total Receipts</b>		<b>11,297,041</b>	<b>2,476,429</b>
<b>Payments</b>			
Medical/Clinical costs		5,942,744	1,316,700
Board of Management Expenses		141,000	188,000
Employee costs		125,888	105,889
Repairs and maintenance		2,787,388	244,000
General expenses		2,296,623	505,604
<b>Total Payments</b>		<b>11,293,642</b>	<b>2,360,193</b>
<b>Net cash flows from operating activities</b>	21	<b>3,399</b>	<b>116,236</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		-	- 116,000
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>- 116,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,399</b>	<b>236</b>
Cash and cash equivalents as at 1 July	16	1,237	1,001
<b>Cash and cash equivalents as at 30 June</b>	16	<b>4,636</b>	<b>1,237</b>

**Isebania Sub County Hospital (Migori County Government)**  
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**16. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025**

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% of utilization</b>
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	1,237	1,237	1,237	-	100%
<b>Revenue</b>						
Rendering of services- Medical Service Income	19,241,536	-	19,241,536	11,297,041	7,944,494	59%
Public Contributions and Donations	-	9,291,598	9,291,598	9,291,598	-	100%
<b>Total income</b>	<b>19,241,536</b>	<b>9,292,835</b>	<b>28,534,371</b>	<b>20,589,876</b>	<b>7,944,494</b>	<b>72%</b>
<b>Expenses</b>						
Medical/Clinical costs	5,942,744	9,291,598	15,234,342	15,234,342	-	100%
Board of Management Expenses	141,000	-	141,000	141,000	-	100%
Employee costs	125,888	-	125,888	125,888	-	100%
Repairs and maintenance	2,787,388	-	2,787,388	2,787,388	-	100%
General expenses	2,296,623	-	2,296,623	2,296,623	-	100%

**Isebania Sub County Hospital (Migori County Government)**  
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<b>Total Operational Expenditure paid</b>	<b>11,293,642</b>	<b>9,291,598</b>	<b>20,585,240</b>	<b>20,585,240</b>	<b>-</b>	<b>100%</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Surplus</b>	<b>7,947,894</b>	<b>1,237</b>	<b>7,949,131</b>	<b>4,636</b>	<b>7,944,494</b>	<b>0%</b>

**Budget Reconciliation**

<b>Description of Particulars</b>	<b>Amount in Kshs</b>
Actual Surplus Amounts as per the statement of Budget	4,636
<b><u>Closing Cash and Cash Equivalent as per the statement of Cash flows</u></b>	<b><u>4,636</u></b>

NOTE: The hospital registered 59% utilization in rendering of services as there was an outstanding Ksh. 7,944, 494 rendering services income from the health services which the hospital did not receive for the period ended 30th June 2025. This particular figure is reflected in the trade receivable ledger.

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

### **1. General Information**

Isebania Sub County Hospital is established by and derives its authority and accountability from PFM Act. The Isebania Sub County Hospital is wholly owned by the Migori County Government and is domiciled in Migori County in Kenya. The Isebania Sub County Hospital's principal activity is provision of medical services to the society.

### **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 *Isebania Sub County 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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Isebania Sub County Hospital*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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><i>Applicable 1<sup>st</sup> January 2025</i></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><i>Applicable 1<sup>st</sup> January 2025</i></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 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>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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Standard	Effective date and impact:
	<ul 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> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish 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><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>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>IPSAS 50:</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p>

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<b>Standard</b>	<b>Effective date and impact:</b>
Exploration For & Evaluation of Mineral Resources	<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>

**iii) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

### **Rendering of services**

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

### **Sale of goods**

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

### **Interest income**

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

### **Rental income**

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

#### **b. Budget information**

The original budget for FY 2024/25 was approved by the board whereby the budget for the facility was incorporated with other hospitals under the vote line of Health Services Management Fund.

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded no additional appropriations on the FY 2024/25 budget. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses

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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.

**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.

**c. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *one* year. 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.

**d. 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.

**e. 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.

**f. 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,

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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.

**g. 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.

**h. Financial instruments**

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

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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**

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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 *Notes*.

**Financial liabilities**

**Classification**

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

**i. Inventories**

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

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

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

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

**j. Provisions**

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

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

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

**k. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme

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is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**l. Contingent liabilities**

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

**m. Contingent assets**

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

**n. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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

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

**p. 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.

**q. Foreign currency transactions**

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

**r. 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.

**s. 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.

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Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**t. 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.

**u. 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.

**v. Comparative figures**

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

**w. Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure

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required to settle the obligation at the reporting date and are discounted to present value where the effect is material. There were no provisions for the year ended 30<sup>th</sup> June 2025

Notes to Financial Statements Continued

6. Public Contributions and Donations

Description	2024-2025	2023 - 2024
	KShs	KShs
Public donations (KEMSA and MEDS)	9,291,598	-
<b>Total donations and sponsorships</b>	<b>9,291,598</b>	<b>-</b>

7. In Kind Contributions from The County Government

Description	2024-2025	2023 - 2024
	KShs	KShs
Salaries and wages	-	1,164,779
<b>Total grants in kind</b>	<b>-</b>	<b>1,164,779</b>

8. Rendering of services- Medical Service Income

Description	2024 - 2025	2023-2024
	KShs	KShs
Health Services Fund (FIF)	19,241,536	1,789,165
<b>Total</b>	<b>19,241,536</b>	<b>1,789,165</b>

9. Transfer From Other Government Entities

Description	2024 - 2025	2023-2024
	KShs	KShs
SHIF Claim		36,050
NHIF		6,771,650
<b>Total</b>	<b>-</b>	<b>6,807,700</b>

10. Medical/ Clinical Costs

Description	2024 - 2025	2023-2024
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	<b>KShs</b>	<b>KShs</b>
Medical drugs /pharms	9,832,641.86	95,000
Lab and reagents	1,114,100.00	
Non-Pharms	1,082,000.00	
Food and Ration	1,559,000.00	823,000
Sanitary and cleansing Materials	486,600.00	68,700
Chemicals and Industrial gases	0.00	0
Medical Records	1,160,000.00	330,000
<b>Total</b>	<b>15,234,342</b>	<b>1,316,700</b>

**11. Board of Management Expenses**

<b>Description</b>	<b>2024 - 2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Sitting allowance	141,000.00	188,000
<b>Total</b>	<b>141,000</b>	<b>188,000</b>

**12. Employee Costs**

<b>Description</b>	<b>2024 - 2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Employee costs (Casuals)	125,888	105,889
Salaries and wages		1,164,779
<b>Total</b>	<b>125,888</b>	<b>1,270,668</b>

**13. Repairs And Maintenance**

<b>Description</b>	<b>2024 - 2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Maintenance of property, building, station and repairs	2,787,388.00	244,000
<b>Total</b>	<b>2,787,388</b>	<b>244,000</b>

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**14. General Expenses**

<b>Description</b>	<b>2024 - 2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Fuel	1,105,000.00	100,000
Bank Charges	29,322.75	8,854
Travel and accommodation allowance	472,000.00	82,000
Printing and stationery	127,300.00	134,250
Water and sewerage costs	80,000.00	25,000
Telephone and mobile phone services	255,450.00	92,000
Office Tea	227,550.00	37,000
Ict and Networking		26,500
<b>Total</b>	<b>2,296,623</b>	<b>505,604</b>

**15. 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	14,500	14,500
<b>Total depreciation and amortization</b>	<b>14,500</b>	<b>14,500</b>

**16. Cash And Cash Equivalents**

<b>Description</b>	<b>2024 - 2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Current accounts	4,637	1,237
<b>Total cash and cash equivalents</b>	<b>4,637</b>	<b>1,237</b>

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

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Description		2024 -2025	2023-2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1158858434	2,500	1,237
Kenya Commercial bank	1318286395	2,137	0
<b>Sub- total</b>		<b>4,637</b>	<b>1,237</b>
<b>Grand total</b>		<b>4,637</b>	<b>1,237</b>

**17. Receivables From Exchange Transactions**

Description	2024 -2025	2023-2024
	KShs	KShs
Receivable	7,944,494	8,480,519
<b>Total receivables</b>	<b>7,944,494</b>	<b>8,480,519</b>

**17(a) Analysis of Receivables from Exchange Transactions**

Description	2024 - 2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	7,944,494	100%	6,807,700	80%
Between 1-2 Years			1,672,819	20%
<b>Total</b>	<b>7,944,494</b>	<b>100%</b>	<b>8,480,519</b>	

**18. Inventories**

Description	2024 -2025	2023-2024
	KShs	KShs

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Pharmaceutical supplies	8,384,797	675,397
Food supplies	970,106	-
Lab items	108,413	-
Cleaning materials supplies	223,500	-
Non-Pharms		850,900
<b>Total</b>	<b>9,686,816</b>	<b>1,526,297</b>

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*Notes to the Financial Statements (Continued)*

**19. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital	Total
							Work in progress	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-

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<b>At 30th Jun 2023</b>	-	-	-	-	-	-	-	-
<b>At 1 July 2023 (current year)</b>	-	-	-	-	-	-	-	-
<b>Additions</b>	-	-	-	-	-	<b>116,000</b>	-	<b>116,000</b>
<b>Disposals</b>	-	-	-	-	-	-	-	-
<b>Transfer/adjustments</b>	-	-	-	-	-	-	-	-
<b>At 30th Jun 2024</b>	-	-	-	-	-	<b>116,000</b>	-	<b>116,000</b>
<b>At 1 July 2024</b>	-	-	-	-	-	<b>116,000</b>	-	<b>116,000</b>
<b>Additions</b>	-	-	-	-	-	-	-	-
<b>Disposals</b>	-	-	-	-	-	-	-	-

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Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 June 2025	-	-	-	-	-	116,000	-	116,000
<b>Depreciation and impairment</b>								
At 1 July 2022 (previous year)			-	-	-	-	-	-
Depreciation for the year			-	-	-	-	-	-
Disposals			-	-	-	-	-	-
Impairment			-	-	-	-	-	-
At 30 June 2023			-	-	-	-	-	-
At July 2023 (current year)			-	-	-	-	-	-
Depreciation			-	-	-	14,500		14,500

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<b>Disposals</b>			-	-	-	-	-	-	
<b>Impairment</b>			-	-	-	-	-	-	
<b>Transfer/adjustment</b>			-	-	-	-	-	-	
<b>At 30th June 2024</b>			-	-	-	-	<b>14,500</b>	-	<b>14,500</b>
<b>At 1 July 2024</b>	-	-	-	-	-	-	<b>14,500</b>	-	<b>14,500</b>
<b>Depreciation</b>	-						<b>14,500</b>	-	<b>14,500</b>
<b>Disposals</b>	-								
<b>Impairment</b>	-								
<b>Transfer/adjustment</b>	-								
<b>At 30th June 2025</b>	-	-	-	-	-	-	<b>29,000</b>	-	<b>29,000</b>

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<b>Net book values</b>								
<b>At 30th Jun 2023</b>	-	-	-	-	-	-	-	-
<b>At 30th Jun 2024</b>	-	-	-	-	-	<b>101,500</b>	-	<b>101,500</b>
<b>At 30th Jun 2025</b>	-	-	-	-	-	<b>87,000</b>	-	<b>87,000</b>

**Depreciation Rates**

<b>Item</b>	<b>Depreciation rate</b>
Buildings and Civil works	2.00%
Motor vehicles	25%
Furniture, fittings, and office equipment	12.50%
ICT Equipment	33%
Plant and medical equipment	12.50%

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

**20. Trade and other Payables**

Description	2024-2025	2023-2024
	KShs	KShs
Trade payables	1,540	321,540
<b>Total</b>	<b>1,540</b>	<b>321,540</b>

**Total trade and Other Payable**

Ageing analysis:	Current FY	% of the Total
More than 2years	1,540	100%
<b>Total</b>	<b>1,540</b>	

**21. Cash Generated from Operations**

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	7,933,394	6,222,172
<b>Adjusted for:</b>		
Depreciation	14,500	14,500
<b>Working Capital adjustments</b>		
Increase in inventory	(8,160,519)	(1,074,727)
Increase in receivables	536,025	(4,915,679)
Increase in payables	-320,000	(130,030)
<b>Net cash flow from operating activities</b>	<b>3,399</b>	<b>116,236</b>

**22. 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 company's overall risk management

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programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company 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 company'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 2025</b>				
Receivables from exchange transactions	7,944,494	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	4,637	0	0	0
<b>Total</b>	<b>7,949,131</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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

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uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the company'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.

There was no non derivative financial liabilities for the entity for the period under review.

**(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 company'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 no transactional currency exposures as there were no purchases of goods and services that were done in foreign currencies.

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**Foreign currency sensitivity analysis**

There was no transactions made in foreign currency hence there was no risk relating to exchange rates.

**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 company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**iv) Capital Risk Management**

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

Description	2024/25
	Kshs
Revaluation reserve	0
Retained earnings	0
Capital reserve	0
<b>Total funds</b>	0
Total borrowings	0

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Less: cash and bank balances	(4,637)
Net debt/ ( <i>excess cash and cash equivalents</i> )	(4,637)
<b>Gearing</b>	0%

**23. 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.

Migori County Government is the principal shareholder of the *isebania sub county Hospital* 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

**There were no expenses related to other parties.**

**24. Segment Information**

*The hospital had no segment*

**25. Contingent Liabilities**

*The institution never engaged in the any court case for the financial year under review.*

**26. Capital Commitments**

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*There were capital commitments under the financial year under review*

**27. Events after the Reporting Period**

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

**28. Ultimate and Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Medical Services. Its ultimate parent is the County Government of Migori.

**29. Currency**

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

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**18. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	The statements of financial position reflect pending accounts payable of Kshs.321,540 as disclosed in Note 20 to the financial statements. However, audit review of records revealed that management did not maintain a permanent ledger for the trade payables and there was no proper movement schedule to show individual opening balance, additions, and specific amount settled during the year and closing balance as well as the aging analysis of the trade and other payables balance. Further, the balances were not supported with approved requisitions, quotations, LPO/LSO, goods received notes and store ledgers.	The management noted the auditor's observation and provided the ledger and aging analysis of the trade payable. Further, the management provided copies of the above trade payable.	Resolved	

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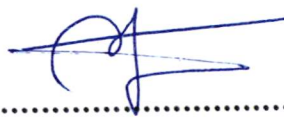
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	In the circumstances, accuracy and completeness of trade and other payables balance of Kshs.321,540 could not be confirmed.			
2	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.101,500 as disclosed under Note 19 to the financial statements. However, review of the Hospital records and physical verification revealed various assets such as land, buildings, motor vehicles, furniture, computers and medical equipment which were not disclosed in the financial statements, neither were their ownership documents provided for audit review.</p> <p>In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.101,500 as at 30 June, 2024 could not be confirmed.</p>	<p>The management noted the auditor's observation and wishes to state that transfer of ownership documents to the facility and the county as a whole is awaiting the Intergovernmental Relation Technical Committee (IGRTC) report that contains all the assets and liabilities inherited from the defunct local authority. Further, these assets will be disclosed in the next financial report.</p>	Not resolved	
3	<p>In the audit report of 2023/2024 financial year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and</p>	<p>The management noted the auditor's observation and is committed to</p>	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them. In the circumstances, Management did not adhere to the provisions of the Public Sector Accounting Standards Board.</p>	<p>continuously resolve the issues as raised in the auditor's report.</p>		
4	<p>During the year under review, the hospital operated without a budget, and it is therefore not clear how the hospital incurred expenditures that were not budgeted for and approved. The Management therefore is in contravention of paragraph 24 of the International Public Sector Accounting Standards which states that public sector entities are typically subject to budgetary limits in the form of appropriations or budget authorizations which may be given effect through authorizing legislation. In the circumstances, Management was in breach of the law.</p>	<p>The management has noted the auditor's observation and wishes to state that the budget for the hospital was amalgamated with that of the other hospitals whereby the total allocation for all the hospital was Ksh. 145,950,000. This figure was arrived at after summing all the hospitals individual budgets where for Isebania Hospital was also part of it. Find the attached budget for your review. Going forward, management will have a line</p>	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		budget for each hospital anchored in the main budget.		
5	Non-Compliance with Requirements on Universal Health Care (UHC)	The management noted the auditor's observation and wish to state that the hospital relies on the county government to bridge the above-mentioned gaps through the department of medical services. At the moment, the hospital continuously received staff from the county government which has helped in reducing these gaps.	Partially resolved	



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**Joash Nyangau**