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REPORT

OF

THE AUDITOR-GENERAL

DATE	25/02/2026
TABLED BY	Majority leader
COMMITTEE	_____
CLERK AT THE TABLE	Poly Corp

ON

IRANDA SUB COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISII

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IRANDA SUB COUNTY REFERRAL HOSPITAL (Kisii County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
SMOH	Subcounty Medical Officer Health
HAO	Health Administrative Officer
COH	Chief Officer Health
DOB	Date of Birth
CHP	Community Health Promoter
CECM	County Executive Member
HFIF	Health Facility Improvement Fund
SCRH	Subcounty Referral Hospital
AWP	Annual Work Plan
Fiduciary Management	Key management personnel who have financial responsibility in the Hospital.

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

2. Key Hospital Information and Management

(a) Background information

Iranda Sub-County Referral Hospital is a level 4 hospital established under gazette notice number Vol.CXVIII – No. 129 and is domiciled in Kisii County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision Statement: "To be a world-class healthcare provider, delivering exceptional patient care and outcomes, while advancing medical knowledge and innovation."

Mission Statement: "Our mission is to provide high-quality, accessible healthcare services that meet the unique needs of our patients, while promoting health, wellness, and disease prevention in our community."

(c) Key Management- Iranda Sub-County Referral Hospital

The hospital's management operates under the following key organs which ensure effective governance, accountability, and service delivery:

County Department of Health: Provides overall policy direction, supervision, and coordination of health services in line with the County Integrated Development Plan (CIDP) and national health policies.

Board of Management: Oversees hospital governance, strategic planning, financial stewardship, and ensures compliance with statutory and regulatory requirements.

Accounting Officer / Medical Superintendent: Serves as the administrative and technical head of the hospital, responsible for day-to-day operations, budget implementation, and reporting to both the Board and the County Department of Health.

Hospital Management Team (HMT): Comprises heads of departments and key technical officers who support planning, implementation, and monitoring of all hospital activities and service-delivery outcomes.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Kelvin Gitagia Mutonga
2.	Head of finance	Kevin Oribu Mabeya
3.	Head of supply chain	Susan Ngare

4.	Hospital Administrator	Caroline Nyansuku
5.	Hospital Pharmacist	Dr. Daniel Birundu
6.	Hospital Nurse Manager	Hyline Onguso
7.	Laboratory Manager	Zipporah Ongaki
8.	Medical Officer	Dr. Steve Gisemba
9.	Clinical Officer	Immaculate Bonareri
10.	ICT	Paul Makini
11.	Nutritionist	Bathiseba. Obwocha
12.	Biomedical Engineer	Eric Maroko
13.	Medical Social Worker	Phylis Mogotu Machuka

(e) Fiduciary Oversight Arrangements – Iranda Sub-County Referral Hospital

Iranda Sub-County Referral Hospital operates under established fiduciary oversight mechanisms designed to ensure transparency, accountability, and proper utilization of public and partner funds. Oversight is exercised through the following structures and committees:

- **Clinical Research and Standards Committee:** Provides technical oversight on service delivery standards, clinical governance, and adherence to national and county protocols.
- **Audit Committee:** Reviews financial performance, internal controls, and adherence to the Public Finance Management Act and County Treasury guidelines.
- **Risk and Compliance Committee:** Identifies, monitors, and mitigates financial, operational, and reputational risks within hospital operations.
- **County Assembly Health Committee:** Exercises legislative and oversight functions over the hospital's budgetary allocations, expenditures, and project implementations.
- **Parliamentary Committees (National Level):** May review and audit conditional grants or donor-supported projects channeled through the County Government.
- **Other Oversight Committees:** Include the County Health Management Team (CHMT) and the Hospital Board of Management, which review financial statements, procurement plans, and project implementation reports quarterly.

Collectively, these arrangements uphold prudent financial management and ensure value for money in all hospital programs and development initiatives.

Key Hospital Information and Management (continued)

(a) Hospital Headquarters

P.O. Box 92 - 40200
Hospital Road
Kisii, Kenya.

(b) Hospital Contacts

Telephone: (254)111425996
E-mail: kisiicountyhealthcoordinator@gmail.com
Website: www.kisii.go.ke

(c) Hospital Bankers

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

(d) Independent Auditors

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



(e) Principal Legal Adviser

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




(f) County Attorney

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

3. The Board of Management


R	Details	
1.	 <p>Name: Evans onkware Mogire Academics: Diploma in Development and social work Work Experience: CHP</p>	Board Chair
2.	 <p>Name: Lydiah Ochomba Sarange Academics: Diploma in Community Nursing Work Experience: Retired Nurse</p>	Member
3.		Member

*Iranda Sub County Referral Hospital (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*




	 <p>Name: Deporah kwamboka omwando Academics: Collage Work Experience: Business</p>	
4.	 <p>Name: Richard Makinda Omoke Academics: KCSE Work Experience: Business man</p>	Member
5.	 <p>DR. Kelvin Gitagia Mutonga Bachelor of Medicine and Bachelor of Surgery (MbChB)</p>	MED SUP/SECRETARY




6.	Hospital Secretary	Dr. Kelvin Gitagia Mutonga – Medical Superintendent and Secretary to the Board of Management, Iranda Sub-County Referral Hospital. Not a member of the Institute of Certified Secretaries (ICS). Serves in an administrative and governance capacity pending formal appointment of a certified ICS member as per Mwongozo Code requirements.
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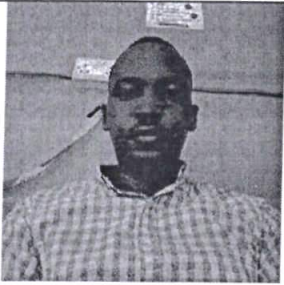


4. Key Management Team




Ref	Management	Details
1.	 <p>Name: DR. Kelvin Gitagia Mutonga Academics: Bachelor of Medicine and Bachelor of Surgery (MbChB)</p>	SMOH/MEDSUP

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2.	 Name: Caroline Nyansuku Mboga Academics: Bachelors of Business Administration	Administration
3.	 Name: Kevin Oribu Mabeya Academics: Bachelors of Commerce/CPA	Accounting
4.	 Name: Susan Ngare Academics: Degree in Supply Chain Management	Procurement
5.		

	 Name: Hyline Mokeira Onguso Academics: Bachelor of science in nursing	Nursing Manager
6.	 Name: Dr. Daniel Oyaro Birundu Academics: Bachelors of Pharmacy	Pharmaceutical
7.	 Name: Zipporah Nyaboke Ongaki Academics: Bachelors of Science in Medical Laboratory	Laboratory
8.		

	 <p>Name: Dr. Gisemba Ouko Steve Academics: Degree in Bachelor of Medicine and Surgery</p>	<p>Medical</p>
<p>9.</p>	 <p>Name: Bathiseba Nyabonyi obwocha Academics: Bachelors of science in nutrition and dietetics</p>	<p>Nutrition</p>
<p>10.</p>	 <p>Name: Immaculate Bonareri Academics: Diploma in clinical medicine and surgery</p>	<p>Clinical</p>
<p>11.</p>		<p>ICT</p>

	 <p>Name: Paul Makini Omweri Academics: Diploma in ICT</p>	
12.	 <p>Name: Eric Maroko Academics: Diploma in Medical Engineer</p>	Biomedical
13.	 <p>Name: Phylis Mogotu Machuka Academics: Diploma in Medical Social Work.</p>	Social Work

5. Chairman's Statement

STATEMENT BY THE HOSPITAL BOARD CHAIRPERSON

Iranda Sub-County Referral Hospital
Financial Year 2024/2025

On behalf of the Hospital Board of Iranda Sub-County Referral Hospital, I am pleased to present this report and the accompanying financial statements for the year ended 30 June 2025.

The year 2024/2025 was a period of significant transformation and renewed optimism for Iranda. The Board worked closely with the Medical Superintendent, the Health Management Team, and the County Department of Health to strengthen systems of governance, enhance service delivery, and ensure prudent use of resources.

The hospital achieved remarkable progress in both financial performance and service efficiency. Revenue generation improved by nearly 300 percent, confirming that disciplined financial management, transparency, and teamwork yield tangible results. We are encouraged by these gains and remain committed to consolidating them in the years ahead.

Beyond finances, the Board prioritized improving service quality and patient experience. It supported initiatives that expanded maternal and child-health services, strengthened clinical supervision, and enhanced community-health outreach. We also encouraged accountability mechanisms that promote integrity, openness, and value for money in every departmental process.

We commend the leadership of His Excellency Governor Paul Simba Arati, the County Executive Committee Member for Health, Mr. Ronald Nyakweba, the Chief Officer for Health, and the County Director of Health for their unwavering support, guidance, and partnership with Iranda SCRH. Their commitment to health-sector reform has created an enabling environment for the hospital's success.

I sincerely thank the Medical Superintendent, Dr. Kelvin Gitagia Mutonga, for his outstanding leadership since assuming office in March 2024. Under his direction, the facility has experienced unprecedented growth, improved coordination, and enhanced staff morale. The Board is confident that Iranda is on a firm path toward becoming a model Level 4 facility within Kisii County.

As we look ahead to the 2025/2026 financial year, the Board will continue providing oversight and policy guidance as the hospital undertakes key projects such as the introduction of imaging services, renovation of the outpatient department, overhaul of the plumbing system, and procurement of critical medical equipment.

I take this opportunity to thank all hospital staff, partners, and the community for their continued cooperation and commitment to our shared vision of quality, accessible, and affordable healthcare for all.

Together, we celebrate how far Iranda has come — and we remain steadfast in building on this foundation to deliver even greater impact in the coming years.

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

Mr. Evans Onkware Mogire
Chairperson, Hospital Board
Iranda Sub-County Referral Hospital

Date: 15/08/25

.....
Chairman to the Board

6. Report of The Medical Superintendent

STATEMENT BY THE MEDICAL SUPERINTENDENT

Iranda Sub-County Referral Hospital
Financial Year 2024/2025

INTRODUCTION

I am honored to present this statement accompanying the Financial Report for Iranda Sub-County Referral Hospital for the financial year ended 30 June 2025. The year under review marks a transformative phase in Iranda's growth—one defined by renewed leadership, structural reforms, and a strong culture of accountability.

Since my posting to Iranda in March 2024, the facility has achieved tremendous improvement in both service delivery and financial performance. Through teamwork, innovation, and prudent management, the hospital realized a 300 percent increase in revenue, making FY 2024/2025 the most successful year in Iranda's history.

These results are a testament to the dedication of our staff, the guidance of the Hospital Board, the coordination of the Health Management Team (HMT), and the steadfast support from the County Department of Health under the visionary leadership of His Excellency Governor Paul Simba Arati. I particularly acknowledge the guidance and encouragement of Mr. Ronald Nyakweba, the County Executive Committee Member (CECM) for Health, the Chief Officer for Health, and the County Director of Health, whose collaboration and oversight have been instrumental in steering Iranda's success.

SERVICE DELIVERY AND PERFORMANCE

During the year, Iranda SCRH remained committed to its core mandate of providing quality, affordable, and accessible healthcare to the residents of Kitutu Chache South Sub-County and neighboring areas.

Outpatient attendance rose significantly, attributed to improved triage flow, streamlined clinical procedures, and enhanced patient experience. Inpatient admissions also increased, supported by diligent nursing care and effective referral coordination.

The Maternal and Child Health (MCH) department registered consistent improvement, with a rise in skilled deliveries and comprehensive antenatal and postnatal services. Collaboration with Community Health Promoters ensured sustained coverage for immunization, health education, and maternal follow-up.

The laboratory continued to serve as a critical diagnostic unit with improved reliability and adherence to internal quality-control standards. The pharmacy department maintained rational use of medicines, reduced expiries, and minimized stock-outs through strict accountability measures.

Preventive and promotive health activities—including routine outreaches, school health programs, and public-health surveillance—were intensified, strengthening the facility's contribution to the Primary Health Care (PHC) model.

HUMAN RESOURCE DEVELOPMENT AND INSTITUTIONAL STRENGTHENING

Our staff remain the backbone of Iranda's success. The hospital prioritized human-resource development through Continuous Medical Education (CME) sessions, mentorship, and targeted skills upgrading.

Several officers benefited from county-supported courses on infection prevention, data management, and financial accountability. Departmental performance reviews were institutionalized each quarter, fostering responsibility, innovation, and teamwork.

The Health Management Team (HMT) played a vital coordinating role, ensuring effective communication, policy implementation, and adherence to quality standards across all units.

INFRASTRUCTURE AND EQUIPMENT

While this financial year focused on stabilizing operations and consolidating gains, groundwork was laid for major capital developments to be rolled out in FY 2025/2026.

Detailed assessments and designs were completed for the renovation of the Outpatient Department, overhaul of the plumbing system, and expansion of water distribution networks. Preparations were also finalized for the introduction of imaging services, alongside plans to procure oxygen concentrators, patient monitors, delivery beds, and a modern autoclave to strengthen emergency, maternity, and surgical care.

The borehole water system remained functional throughout the year, ensuring reliable water supply for clinical and support services.

FINANCIAL MANAGEMENT AND ACCOUNTABILITY

The hospital maintained firm commitment to prudent financial management and transparency. Revenue collection improved remarkably through digitization, strengthened internal controls, and daily reconciliation.

Regular financial reviews and adherence to the Public Finance Management Act (2012) and PSASB reporting standards ensured that expenditures remained within approved ceilings. Procurement processes were strictly guided by public-sector regulations.

This discipline has earned Iranda the confidence of the County Department of Health and partner organizations, positioning the hospital as a benchmark for accountability among Level 4 facilities in the county.

GOVERNANCE AND COLLABORATION

Strong governance underpinned every achievement realized this year. The Hospital Board provided strategic leadership and oversight, while the Health Management Team ensured efficient execution of operational plans.

We maintained a close working relationship with the County Department of Health, the Chief Officer for Health, and the County Director of Health, whose offices offered invaluable technical and administrative guidance.

In addition, collaboration with the Office of the Auditor General, partner organizations, and community leaders strengthened our systems for accountability and citizen engagement.

CHALLENGES AND LESSONS LEARNED

Key challenges during the year included periodic supply-chain interruptions, limited human resources in certain specialties, and space constraints due to increased patient volumes. Nevertheless, these challenges encouraged innovation and adaptability in managing limited resources while sustaining quality care.

The year underscored the importance of continuous planning, multi-sectoral collaboration, and performance-based monitoring as tools for achieving lasting institutional improvement.

APPRECIATION AND OUTLOOK FOR FY 2025/2026

I wish to extend my sincere appreciation to His Excellency Governor Paul Simba Arati for his trust in my leadership and continued commitment to the health sector. I equally recognize the exemplary leadership of Mr. Ronald Nyakweba, CECM for Health, the Chief Officer for Health, and the County Director of Health for their consistent guidance, mentorship, and technical support throughout the year.

My heartfelt gratitude goes to the Hospital Board, the Health Management Team, and all members of staff for their hard work, integrity, and professionalism. I also appreciate our development partners, community stakeholders, and patients for their collaboration and trust in our services.

For the 2025/2026 financial year, the hospital will prioritize:

- Introduction of imaging services (radiology and ultrasound)
- Renovation and modernization of the Outpatient Department
- Comprehensive plumbing overhaul and water-system expansion
- Procurement of oxygen concentrators, patient monitors, delivery beds, and a modern autoclave
- Enhanced staff training and capacity building to support service expansion

Through these initiatives, Iranda aims to consolidate the momentum gained and transition toward a higher level of service excellence and self-sustainability.

CONCLUSION

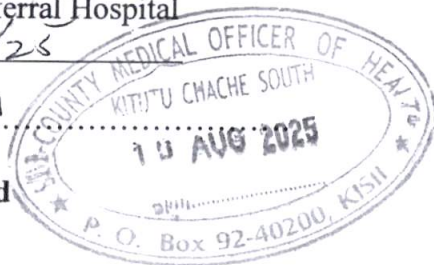
The 2024/2025 financial year will be remembered as a pivotal moment in Iranda's history—a period of renewal, discipline, and remarkable growth. As we prepare for the next phase, we remain guided by our mission to provide quality, affordable, and accessible healthcare to every resident of Kitutu Chache South and beyond.

I remain deeply grateful to all who have contributed to this success and look forward to even greater achievements in the coming year.

Dr. Kelvin Gitagia Mutonga
Medical Superintendent
Iranda Sub-County Referral Hospital

Date: 15/08/25

Arati



Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 (2)(f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statements a statement of the County Government Hospital’s performance against predetermined objectives. Iranda Sub-County Referral Hospital (Iranda SCRH), operating under the Kisii County Health Facilities Improvement Fund (HFIF), develops its Annual Work Plans (AWPs) guided by the Fund’s objectives and operational principles. Performance is assessed quarterly in line with approved work plans focusing on service delivery, infrastructure, financial management, and stakeholder engagement.

Strategic Pillars / Themes / Issues

Iranda SCRH’s activities for the FY 2024/2025 were guided by the following key pillars:

- 1. Sustainable Operations and Maintenance
- 2. Stakeholder and Community Participation
- 3. Resource Generation and Incentivization
- 4. Operational Financing
- 5. Preventive and Promotive Health Services
- 6. Emergency and Disaster Response
- 7. Balanced Resource Allocation (85% Curative : 15% Preventive)

Performance Summary Table

Strategic Pillar / Theme / Issue	Objective	Key Performance Indicators	Activities	Achievements
1. Sustainable Operations and Maintenance	Ensure uninterrupted service delivery through proper maintenance and equipping of critical departments.	- Functionality rate of key departments. - Timeliness in procurement of medical supplies. - Equipment uptime rate.	Regular equipment servicing and repairs; procurement of essential medical and emergency supplies.	Continuous operation of all departments (OPD, Maternity, Theatre, Lab); improved equipment uptime and emergency preparedness.
2. Stakeholder and Community Participation	Promote participatory governance and accountability in hospital management.	- Number of board and stakeholder meetings held. - Feedback mechanisms operational.	Quarterly board and stakeholder meetings; inclusion of community representatives in planning.	Enhanced transparency and accountability; increased community ownership of hospital decisions.

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3. Resource Generation and Incentivization	Strengthen revenue mobilization and resource utilization efficiency.	<ul style="list-style-type: none"> - Monthly revenue trends. - Claim reimbursement rates (SHA/NHIF). 	Revenue tracking; claims submission and follow-up; automation of billing systems.	300% increase in revenue compared to FY 2023/24; timely reimbursements; improved financial accountability.
4. Operational Financing	Ensure sustainable day-to-day operations of the hospital.	<ul style="list-style-type: none"> - Availability of funds for recurrent needs. - Timely payment of suppliers. 	Allocation of HFIF funds for utilities, casual staff, and operational expenses.	Smooth running of services with no interruptions; improved staff morale.
5. Preventive and Promotive Health Services	Support community-based health interventions to improve health outcomes.	<ul style="list-style-type: none"> - Immunization coverage. - Number of outreaches conducted. 	Conducted immunization drives, health talks, and community screenings.	Increased immunization uptake and awareness on preventive health; reduced disease burden.
6. Emergency and Disaster Response	Enhance hospital readiness for emergencies and outbreaks.	<ul style="list-style-type: none"> - Response time to emergencies. - Availability of emergency funds. 	Maintained emergency drug and fuel reserves; ambulance support.	Quick response to emergencies; strengthened resilience and preparedness.
7. Balanced Resource Allocation (85% Curative : 15% Preventive)	Maintain equitable resource allocation in line with HFIF guidelines.	<ul style="list-style-type: none"> - Compliance with allocation ratio. 	Budget planning and expenditure tracking.	Sustained 85:15 ratio between curative and preventive expenditure; improved financial discipline.

Overall Assessment

Iranda Sub-County Referral Hospital achieved commendable performance in FY 2024/2025, particularly in revenue growth, operational efficiency, and preventive health outcomes. The facility demonstrated strong accountability, teamwork, and innovation in managing HFIF resources. Going forward, the hospital aims to strengthen its service capacity through introduction of imaging services, plumbing and infrastructure upgrades, and procurement of modern patient monitors, oxygen concentrators, delivery beds, and a new autoclave to further enhance healthcare delivery in FY 2025/2026.

8. Corporate Governance Statement

Iranda Sub-County Referral Hospital (SCRH)

The Iranda Sub-County Referral Hospital Board is committed to upholding the highest standards of corporate governance, accountability, transparency, and ethical leadership in the management of the hospital. The Board provides strategic oversight and policy direction to ensure that Iranda SCRH delivers quality and equitable health services to the community in alignment with Kisii County's health priorities and the Kenya Health Policy (2014–2030).

i. Appointment of Board Members and Composition

The Iranda SCRH Hospital Board comprises six (6) substantive members appointed by the County Government of Kisii in line with the Kisii County Health Facilities Improvement Fund (FIF) Act and public service regulations. The membership reflects gender balance, youth inclusion, and representation of special groups, including one male representing persons with disabilities and one youth representative. In addition, four (4) co-opted members drawn from the Hospital Management Team (HMT) — including the Medical Superintendent who serves as the Secretary to the Board — participate in deliberations to provide technical and operational insights. The appointment and removal of board members follow established county procedures to ensure integrity, merit, and diversity. The Board operates under an approved Board Charter, which outlines its mandate, structure, and operational framework.

ii. Roles and Functions of the Board

The Board's primary roles are to: provide strategic leadership and policy direction to the hospital; approve and oversee implementation of annual work plans, budgets, and procurement plans; monitor financial management, including utilization of FIF resources; ensure compliance with relevant legislation, County Executive directives, and health standards; and uphold accountability through periodic reviews of hospital performance and service delivery indicators. The Board functions as a critical link between the hospital and the Department of Health, facilitating stakeholder engagement and community participation.

iii. Induction, Training, and Development

Upon appointment, all Board members undergo induction sessions covering public finance management, hospital operations, and corporate governance principles. Continuous professional development is encouraged through periodic training workshops organized by the County Department of Health, the Office of the Governor, and other partners. The objective is to build the Board's capacity in strategic oversight, health system governance, and ethical leadership.

iv. Board and Members' Performance

The Board conducts annual performance evaluations to assess the effectiveness of individual members and the collective body. Performance is measured against approved annual work plans, meeting attendance, participation, and adherence to governance standards. The outcomes inform continuous improvement measures and guide succession planning.

v. Board Meetings and Attendance

In accordance with the Board Charter, regular meetings are held quarterly, with additional special meetings convened as necessary. Attendance registers are maintained, and all members are encouraged to participate actively in deliberations. In the 2024/2025 financial year, the Board achieved a high level of attendance and participation, demonstrating commitment to its governance role and fiduciary responsibilities.

vi. Succession Planning

Iranda SCRH has adopted a succession plan aligned with the County Public Service Human Resource policies to ensure leadership continuity. The plan identifies potential successors for key leadership and

technical roles, including the Board Chairperson and critical hospital management positions. Mentorship and capacity-building programs are integral components of this process.

vii. Conflict of Interest Policy

The Board adheres to a strict Conflict of Interest Policy, requiring members to declare any personal or financial interests that could compromise objectivity. Such declarations are recorded in meeting minutes, and members abstain from discussions or decisions where a conflict exists. This promotes transparency, integrity, and public trust.

viii. Board Remuneration

Board remuneration and allowances are determined by the Salaries and Remuneration Commission (SRC) guidelines and the County Public Service framework. Members receive sitting allowances and facilitation for official duties within approved budgetary provisions. Transparency and accountability are maintained through proper documentation and reporting of all payments.

ix. Ethics and Conduct

All members of the Board are bound by the Code of Conduct and Ethics for Public Officers, emphasizing integrity, impartiality, professionalism, and accountability. The Board fosters a culture of ethical behavior and zero tolerance for corruption, discrimination, or misuse of public resources. Disciplinary mechanisms are in place for addressing breaches.

x. Governance Audit

A governance audit is periodically conducted to evaluate the Board's compliance with public sector governance principles and the County Health Fund Regulations. The audit reviews areas such as transparency, decision-making, and internal controls. Recommendations from such audits are implemented to strengthen institutional performance.

xi. Communication Policy

The Board recognizes effective communication as key to stakeholder engagement. Communication with the public, county authorities, and partners is guided by a Communication Policy, ensuring accuracy, confidentiality, and consistency. The Medical Superintendent, as Secretary to the Board, serves as the official communication liaison between the Board and the County Department of Health.

xii. Terms of Reference for Committees

The Iranda SCRH Board operates through standing committees to enhance efficiency. Currently, two functional committees exist: (1) Finance and Audit Committee – oversees budget execution, financial reporting, and compliance; and (2) Procurement and Resource Committee – ensures fairness, transparency, and adherence to procurement laws. Plans are underway to establish additional committees on quality assurance, infrastructure, and human resource development. Each committee operates under clearly defined Terms of Reference approved by the Board.

xiii. Policy on Related-Party Transactions

The Board upholds fairness and transparency in all related-party transactions. Any financial or contractual engagement involving a Board member, staff, or affiliate must undergo full disclosure and approval through proper channels, ensuring compliance with the Public Procurement and Asset Disposal Act (2015) and County Government regulations.

The governance framework at Iranda Sub-County Referral Hospital continues to evolve to meet the demands of a dynamic healthcare environment. The Board remains steadfast in its commitment to uphold integrity, accountability, inclusivity, and service excellence, thereby contributing to the overall mission of strengthening health systems within Kitutu Chache South and Kisii County at large.

9. Management Discussion and Analysis

Introduction

During the Financial Year 2024/2025, Iranda Sub-County Referral Hospital continued to make remarkable progress in improving the quality and scope of health services offered to the community. The hospital management, in collaboration with the County Department of Health and other stakeholders, focused on strengthening service delivery, enhancing infrastructure functionality, and ensuring efficient use of available resources. The year was characterized by increased outpatient and specialized clinic attendance, operational discipline, and sustained community confidence in the hospital's services.

Operational and Clinical Performance

Bed Capacity and Utilization

The hospital maintained a bed capacity of 25 beds during the reporting period. The average bed occupancy rate stood at 15%, with an average length of stay of 2 days per inpatient. This indicates efficient turnover of beds and prompt management of cases requiring admission.

Patient Attendance Trends

Overall patient attendance, combining outpatient and inpatient services, reached 12,364 clients during the year. This reflects steady utilization of services across the departments. The Accident and Emergency (A&E) unit did not record attendance within the period, as plans for full operationalization are still ongoing. The hospital recorded a strong performance in specialized clinics, with a total of 3,535 attendances, notably from Maternal and Child Health (MCH), HIV, diabetic, nutrition, and non-communicable disease clinics.

Surgical and Mortality Indicators

The surgical theatre recorded no operations during the year; therefore, surgical theatre utilization was 0%. No mortality was reported during the period (mortality rate = 0%), highlighting the hospital's commitment to early diagnosis, effective management, and timely referral of complicated cases.

Financial Performance

Iranda Sub-County Referral Hospital's main revenue streams comprised user fees, SHA reimbursements, and County Government allocations. The hospital continued to uphold prudent financial management practices to ensure transparency and accountability in the utilization of funds.

Funds were utilized to support:

- Procurement of essential drugs and medical supplies
- Facility maintenance and support services
- Community health promotion and preventive activities
- Staff welfare and administrative operations

Despite constrained revenue flows, the hospital met its recurrent obligations and prioritized critical service areas. Continuous efforts are being made to enhance SHA claims processing and expand financial sustainability through partnerships and innovative local resource-mobilization strategies.

Key Projects and Investments

1. Borehole and Water Supply Project – Implementation of a sustainable water system supported by development partners to ensure constant water supply.
2. Equipment Acquisition – Procurement of modern autoclaves, patient monitors, and delivery beds to improve service efficiency.
3. Capacity Building – Continuous professional development sessions for staff to improve clinical quality and compliance with national standards.

Compliance and Risk Management

The hospital complied with all statutory and regulatory requirements as guided by the County Department of Health. There were no material arrears in statutory or financial obligations.

Key risks identified include:

- Inadequate staffing in critical departments such as nursing, laboratory, and pharmacy
- Limited financial allocations for capital development
- Delays in SHA reimbursements affecting cash flow

Mitigation measures include internal resource mobilization, advocacy for additional county support, and phased implementation of development priorities.

Sponsorships and Partnerships

Iranda Sub-County Referral Hospital continued to benefit from strong partnerships with the Kisii County Department of Health, development partners, and community-based organizations. The borehole project supported by well-wishers from North Carolina remains a major milestone in enhancing facility resilience. The hospital also collaborates closely with the Sub-County Health Management Team (SCHMT) in implementing preventive and promotive health interventions across Kitutu Chache South.

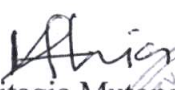
Conclusion and Way Forward

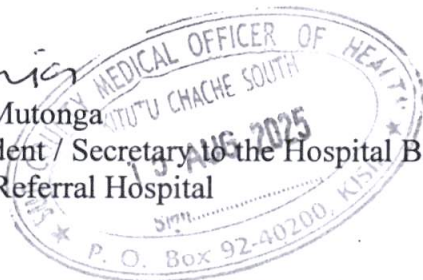
The management of Iranda Sub-County Referral Hospital remains committed to delivering accessible, efficient, and high-quality health services to the people of Kitutu Chache South. The priorities for the next financial year include:

- Operationalization of the surgical theatre
- Expansion of imaging and diagnostic services
- Recruitment and redistribution of key staff cadres
- Strengthening of financial performance through improved SHA processing and accountability systems

The hospital expresses gratitude to the County Executive Committee Member for Health, the Chief Officer, and the County Director of Health for their continued support and guidance.

Signed:


Dr. Kelvin Gitagia Mutonga
Medical Superintendent / Secretary to the Hospital Board
Iranda Sub-County Referral Hospital



10. Environmental And Sustainability Reporting

i) Sustainability Strategy and Profile

Iranda Sub-County Referral Hospital (SCRH) aligns its sustainability strategy with both Kenya's Vision 2030 and the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), and SDG 13 (Climate Action). The hospital's operations are guided by principles of efficient resource use, environmental protection, and social responsibility, ensuring that quality health services are delivered sustainably.

During the 2024/2025 financial year, the hospital prioritized:

- Expansion of the hospital's water and sanitation systems, including the ongoing borehole drilling and piping project to ensure a reliable and clean water supply.
- Integration of energy-saving practices, such as use of LED lighting and promotion of solar installations in key units.
- Reinforcement of the Hospital Waste Management Policy, focusing on segregation at source and safe disposal of infectious and non-infectious waste.
- Collaboration with the County Department of Health and partners in promoting green hospital principles, emphasizing reduction of carbon footprint and improved occupational safety for staff.
- Maintenance of an open procurement and contract management framework, with emphasis on inclusion of youth, women, and persons with disabilities (PWDs) in service provision.

ii) Environmental Performance

Iranda SCRH operates under an internal Environmental Management and Waste Disposal Policy consistent with the Public Health Act and NEMA guidelines. Efforts undertaken during the reporting period included:

- Waste management: Continued segregation of waste using colour-coded bins and collaboration with licensed waste handlers for final disposal.
- Reduction of plastic use: Phasing out single-use plastics in clinical and administrative areas; encouraging use of reusable containers and eco-friendly packaging.
- Water management: Rainwater harvesting and routine monitoring of water use to reduce wastage.
- Energy efficiency: Replacement of high-consumption bulbs with energy-saving LED lighting and promotion of paperless reporting systems.
- Biodiversity and green initiatives: Planting of indigenous trees within the compound and creation of a small green park for patients and staff relaxation.
- Climate adaptation: Encouragement of drought-resistant ornamental plants around the hospital and maintenance of eco-friendly landscaping.

iii) Employee Welfare

The hospital recognizes that its success depends on a motivated, safe, and healthy workforce. The Board of Management ensures compliance with the Occupational Safety and Health Act (2007) and the Employment Act (2007).

Key initiatives included:

- Equitable recruitment and promotion, ensuring gender balance and inclusion of youth and PWDs.
- Staff training and continuous professional development, with emphasis on infection prevention, financial management, and emergency preparedness.
- Recognition and reward system for outstanding performance in service delivery.
- Staff welfare programs, including team-building sessions, wellness check-ups, and support for staff medical emergencies.
- Improvement of working conditions through better lighting, ergonomic office furniture, and staff rest areas.

iv) Product Stewardship and Awareness Creation

The hospital conducted several public sensitization activities focused on patient rights, infection prevention, and responsible healthcare-seeking behaviour. These efforts included:

- Health education through outpatient and MCH departments.
- Civic education on SHA enrolment, patients' rights, and complaint redress mechanisms.
- Collaboration with community health promoters (CHPs) to strengthen community-level awareness on hygiene and disease prevention.
- Establishment of a complaints and feedback desk to promote accountability and citizen participation.

v) Corporate Social Responsibility (CSR) / Community Engagements

IrandaSCRH actively engages in community support and empowerment as part of its CSR mandate.

During the reporting period, the hospital:

- Partnered with community groups and schools in tree planting and clean-up drives.
- Conducted free medical outreach camps, including health screenings and immunization drives in remote areas.
- Offered medical support during local public events such as graduations and sports tournaments.
- Supported needy patients through a welfare fund coordinated with well-wishers and partners.
- Participated in public participation forums organized by the sub-county to enhance civic awareness and accountability in health planning.

Through these initiatives, Iranda Sub-County Referral Hospital continues to build public trust, promote environmental stewardship, and demonstrate strong commitment to social responsibility and sustainable healthcare delivery.

11. Report of The Board of Management

The Board of Management of Iranda Sub-County Referral Hospital (SCRH) submits this report together with the audited financial statements for the financial year ended 30th June 2025, which collectively show the state of the hospital's affairs.

Principal Activities

The principal activities of the hospital continued to be the provision of quality, affordable, and accessible healthcare services to the residents of Kitutu Chache South Sub-County and neighbouring areas. The hospital also served as a referral centre for lower-level facilities within the sub-county and supported various public health programmes in line with the objectives of the Kisii County Department of Health.

Results

The results of the hospital for the year ended 30th June 2025 are presented in the accompanying financial statements. During the year, the hospital recorded improved service delivery and strengthened revenue performance, driven by enhanced outpatient attendance, efficient utilization of resources, and improved staff commitment to quality care.

Board of Management

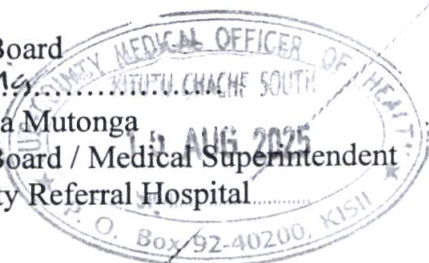
The members of the Board who served during the year are shown in the governance section of this report. The Board continued to execute its mandate effectively through regular meetings and oversight of hospital operations. Key committees — notably the Finance and Procurement Committees — held quarterly sessions to review performance and ensure prudent financial management. No major changes occurred in the composition of the Board during the year.

Auditors

The Auditor-General is responsible for the statutory audit of the hospital in accordance with Article 229 of the Constitution of Kenya (2010) and the Public Audit Act, 2015.

By Order of the Board

.....
Dr. Kelvin Gitagia Mutonga
Secretary to the Board / Medical Superintendent
Iranda Sub-County Referral Hospital



12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements for Iranda Sub-County Referral Hospital (SCRH) that give a true and fair view of the state of affairs of the hospital as at the end of each financial year, and of its operating results for that year. The Board is also required to ensure that the hospital keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the hospital, and to safeguard the hospital’s assets. The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital as at 30th June 2025. This responsibility includes:

1. Maintaining adequate financial management systems and arrangements and ensuring their effectiveness throughout the reporting period;
2. Maintaining proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the hospital;
3. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements, ensuring they are free from material misstatements, whether due to fraud or error;
4. Safeguarding the assets of the hospital;
5. Selecting and applying appropriate accounting policies; and
6. Making reasonable and prudent accounting estimates.

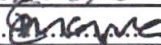

The Board accepts full responsibility for the preparation of the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the Public Finance Management Act, 2012.

The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the transactions of Iranda SCRH during the financial year ended 30th June 2025, and of the hospital’s financial position as at that date. The Board further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of these financial statements, as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of Management has assessed the hospital’s ability to continue operating as a going concern, and nothing has come to its attention to indicate that the 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 of Management on 15/08/25 and signed on its behalf by:

.....  
Name: Evans Onkware Mogire	Name: Dr. Kelvin Gitagia Mutonga
Chairperson, Board of Management Iranda Sub-County Referral Hospital	Secretary to the Board / Medical Superintendent Iranda Sub-County Referral Hospital

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON IRANDA SUB COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KISII

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements for Iranda Sub County Referral Hospital - County Government of Kisii set out on pages 14 to 27 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement

of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of Iranda Sub County Referral Hospital as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012, the County Governments Act, 2012, and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracy of Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.436,688 in respect of cash and cash equivalents. However, review supporting documentation which included bank statement, cash book, certificate of bank balance board of survey report provided for audit revealed a balance of Kshs.518,514 resulting into unexplained variance of Kshs.81,826.

In the circumstances, the accuracy and completeness of Kshs.436,688 in respect to cash and cash equivalents could not be confirmed.

2. Inaccuracy of Trade and Other Payables

The statement of financial position and as disclosed Note 7 to the financial statements reflects Kshs.436,688 in respect to trade and other payables. However, management did not provide supporting documents for the outstanding trade and other payables including invoices and other supporting documents such as procurement plans, requisition by user departments, local purchase orders, contract documents, delivery notes, inspection and acceptance, and evidence of receipt/ issue from the stores.

In the circumstances, the accuracy and completeness of Kshs.436,688 in respect to trade and other payables could not be confirmed.

3. Undisclosed Pharmaceutical and Non-Pharmaceutical Supplies

Review of documents provided for audit revealed that the Hospital did not disclose pharmaceutical and non-pharmaceutical supplies in form of inventories as current assets. However, review of hospital records and physical verification conducted on 30 October, 2025 revealed that the facility had inventories which are pharmaceutical in nature such as drugs, laboratory reagents and non-pharmaceutical supplies such as gloves, cotton wool among others which were not disclosed in the financial statements. Further, the management did not provide stock-take report as at 30 June, 2025 for audit review.

In the circumstances, the accuracy and completeness of the nil balance in respect to inventories could not be confirmed.

4. Unsupported the Hospital's Assets

Review of financial statements revealed that the Hospital did not disclose its non-current assets despite being in a possession of various items which is a requirement before registration. Further, the statement of financial position reflects a nil balance in respect of non-current assets. However, review of Hospital records and physical verification conducted on 27 October 2025 revealed that various assets including land, buildings, furniture, computers and equipment which were not disclosed in the financial statements. In addition, ownership documents of land were not provided for audit review. Further, the Hospital did not maintain an asset register and the assets had not been valued hence difficult to establish their true values.

In the circumstances, the accuracy of the nil balance in respect to total non-current assets during the year under review could not be confirmed.

5. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed under Note 6 to the financial statements reflects a balance of Kshs.2,100,000 in respect to receivables from exchange transactions. However, the management did not provide the schedules for receivables to support the balance. Further review of supporting documentation revealed that SHA claims amounting to Kshs.442,220 were rejected and returned to the hospital for amendments during the year under review. However, the management failed to resubmit the claims within the stipulated 14 days. In addition, the Management failed to provide a debt management policy for audit review.

In the circumstances, the accuracy, completeness and regularity of the Kshs.2,100,000 in respect to receivables from exchange could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Iranda Sub County Referral 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 on a comparable basis reflects final receipts of Kshs.4,400,000 and Kshs.5,296,554 resulting in a revenue overcollection of Kshs.896,554 or 20% of the budget. Further, the Hospital expenditure amounted to Kshs.4,859,866 against the realized receipts of Kshs.5,296,554 resulting in an under-utilization of Kshs.436,888.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iii to xxvii which comprises, which comprises the Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, and Statement of Board of Management's Responsibility. 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 Hospital revealed total collection of Kshs.5,296,554 towards the health facilities improvement. Out of this amount, a total of Kshs.4,829,270 was transferred to County Health Facilities Improvement Fund Board

account. However, the amount reimbursed by the board to the facilities could not be confirmed. This is because the board made payments on behalf of the Hospital without disclosing the amount for the expenditures incurred. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital facilities improvement financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2. Late Submission of Financial Statements

The financial statements provided for audit review were submitted on 12 September, 2025, instead of 31 August, 2025. This is contrary to the National Treasury Circular No:AG.3/88 Vol. VII (41) which requires all public sector entities to prepare and submit their annual financial statements by 31 August 2025.

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

3. Lack of Approved Budget and Annual Procurement Plan

The Management did not provide for audit review, the approved budget for 2024/2025 financial year. Effectively, review of performance against the approved budget was impeded. In addition, management did not provide annual operational plans and approved annual procurement plan that is aligned to the budget for audit review. This is contrary to Section 53(2) of Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

4. Non-Compliance with the Prescribed Financial Reporting Framework

Audit review of the annual report and financial statements presented for audit revealed that the section of board of management at page vi to the financial statements is incomplete. This section was missing the details of date of birth and work experience of the committee members. Further, the section did not indicate whether the director is independent or an executive director, which committee of the board the director chairs where applicable and whether the director is independent or whether alternate. In addition, the statement of financial position reflects Kshs.2,100,000 in respect to receivables from exchange transactions. However, note 6 to the financial statement reflects an amount of Kshs.518,418 in respect with receivables from exchange transactions which is misleading. Further review of the statement of financial positions reflects Kshs.2,436,688 in respect with net assets. However, casted value amounted to Kshs.2,100,000 resulting to variance Kshs.336,688.

In circumstances, the presentation and disclosures in the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standard Board.

5. Failure to Disclose Facility's Expenditure

Review of the financial statement revealed that the facility did not disclose its expenditure items in the statement of financial performance as stipulated in Section 22(1) of the Facilities Improvement Financing Act, 2023 and reporting template issued by the Public Sector Accounting Standards Board for level 4 (four) Hospitals. This is despite having the budget, procurement plan and the authority to incur expenditure. Although the management explained that expenditures are reported in the Kisii County Facility Improvement Fund financial statements, failure to report expenditure incurred by the Sub County Referral facility in its financial statements not only distorts the Hospital's financial statements but is also in breach of the Facility Improvement Financing Act, 2023 which requires separate financial statements for the facilities to be prepared and submitted to the Auditor General.

In the circumstances, the accuracy of the financial statements could not be confirmed. In addition, Management is in breach of the law.

6. Shortfall in Hospital Management at Iranda Sub County Referral Hospital

Review of the Hospital's operations and records revealed that the Hospital operated below the set standards as per the Facilities Improvement Financing Act and Kenya Medical Practitioners and Dentist Council (KMPDC) Checklist for Level four (4) hospitals. Review on the implementation of Facilities Improvement Financing Act, 2023 and KMPDC Checklist revealed that the hospital accountant was not a qualified accountant and not a member of ICPAK thus, could not sign off the financial statements. In addition, the Hospital lacked a human resource officer, an account assistant, and one ICT officers.

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

7. Non-Compliance on Medical Waste Management

Review of the Hospital's operations revealed that the Hospital operated without an incinerator and that sensitive and non-sensitive hospital wastes were accumulated at the burning corner for months before being transported to Kisii Teaching and Referral Hospital for incineration. Further, there was no evidence that Management had complied with NEMA Waste Management Regulations, 2006 on biomedical waste management on taking all practical steps to ensure that waste is managed in a manner which will protect human health and the environment against the adverse effects which may result from the waste.

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

8. Non-Compliance with Requirements on Universal Health Care (UHC)

Review of the of Hospitals' operations and records during the year under review 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 programme were observed: -

Item	Level 4 Standard	No. in Hospital
Medical officers	16	4
Anesthesiologists	2	0
General surgeons	2	0
Gynecologists	2	0
Pediatricians	2	0
Radiologists	2	0
Kenya Registered Community Health nurses	75	24
Surgical Services	Should be in place	No surgical services
Pediatric services	Should be in place	Yes
Gynecological services	Should be in place	Not in place
In-patients' services	Should be in place	Yes
Radiology services	Should be in place	Not in place
Renal dialysis services	Should be in place	Not in place
Tuberculosis management	Should be in place	YES
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	Should be in place	Yes
Beds	150	21
Resuscitaire (2 in Labour ward and one in theatre)	3	0
New Born Unit - Incubators	5	0
New Born Unit cots	5	3
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

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 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 which may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

In the circumstances, the effectiveness of the medical services offered and the Universal Health Coverage program 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

The audit revealed that, 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 Hospital's operations to have been undertaken at the facility contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2025 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.

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

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 duly appointed and gazetted by the county executive committee member contrary Section 12 and 16 of the Facility Financing Act, 2023 which required county executive committee member for health to establish a sub-county health management committee for each sub-county to support the health facility management team in preparing annual and quarterly operational plans including their respective budgets and procurement plans.

In the circumstances, the effectiveness of the governance structure 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 Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


04 December, 2025


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

Description		
Revenue from non-exchange transactions		
Revenue from exchange transactions		
Rendering of services- Medical Service Income	1	5,296,554
Revenue from exchange transactions		5,296,554
Total revenue		5,296,554
Expenses		
Transfers to other government Hospital	2	4,829,270
General expenses	3	30,596
Total expenses		4,859,866
Net Surplus for the year		436,688

The Hospital's financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:


 EVANS ONKWAE MUGIDI
Richard M. Omroke
 Chairman
 Board of Management



Kevin Oribu
 Head of Finance
 ICPAK No: 22784



Dr. Kelvin M. Mutonga
 Medical Superintendent

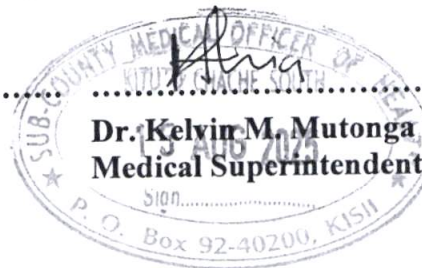
Stamp: SUB-COUNTY HOSPITAL, P. O. Box 92-402142

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

Description	Note	2024-2025
		Kshs
Assets		
Current assets		
Cash and cash equivalents	4	436,866
Receivables from exchange transactions	6	2,100,000
Total Current Assets		2,536,688
Total assets (A)		2,536,688
Liabilities		
Current liabilities		
Trade and other payables	7	436,688
Total Current Liabilities		436,688
Total Liabilities (B)		436,688
Net assets (A-B)		2,436,688
Represented by:		
Accumulated surplus/Deficit		436,688
Net Assets		436,688


 RICHARD M. OMONDI
 Chairman
 Board of Management


 KEVIN ORIBU
 Head of Finance
 ICPAK No: 22784




 Dr. Kelyin M. Mutonga
 Medical Superintendent

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

Description				
As at July 1, 2024		518,514	0	518,514
Surplus/(deficit) for the year				
Capital/Development grants		-		-
As at June 30, 2025		518,514	0	518,514

17. Statement of Cash Flows for The Year Ended 30 June 20XX

Description	Number	Amount (KSh)
Cash flows from operating activities		
Receipts		
Rendering of services- Medical Service Income	1	5,296,554
Total Receipts		5,296,554
Payments		
Transfers to other government entities	2	4,829,270
General expenses	3	30,596
Total Payments		4,859,866
Net increase/(decrease) in cash and cash equivalents		436,688
Cash and cash equivalent as at 1st July 2024		59,906
Cash and cash equivalents at June 30 2025		518,514

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 20XX

Description	Original budget	Adjustments	Final budget	Actual on Comparable basis	Performance difference	% Utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Rendering of services- Medical Service Income	4,400,000	-	4,400,000	5,296,554.15	896,554	120.38%
Total income	4,400,000	-	4,400,000	5,296,554.15	896,554	120.38%
Expenses						
Transfers to other government entities	4,200,000	-	4,200,000	4,829,270.00	629,270	11.48%
General expenses	10,000	-	10,000	30,596.00	20,596	305.96%
Total expenditure	4,210,000	-	4,210,000	4,859,866		
Surplus for the period	-	-	-	436,980.90	246,688	

19. Notes to the Financial Statements

1. General Information

Iranda Sub County Referral Hospital Hospital is established by and derives its authority and accountability from Kisii County Health Facility Improvement Act. The Hospital is wholly owned by the Kisii County Government and is domiciled in Kisii County in Kenya. The Hospital's principal activity is to provide health care services.

2. Statement of Compliance and Basis of Preparation

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

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

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.

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

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

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

iii) Early adoption of standards

The Hospital 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 *Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Hospital 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 Hospital.

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 12th September 2024 revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c. Related parties

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

d. Cash and cash equivalents

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

e. Comparative figures

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

f. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Notes to Financial Statements Continued

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

Description	2025-2025
User Fee	2,552,205
SHA/NHIF	2,744,349
Total	5296554

2. Transfers to other Government entities

Description	2025 - 2025
	KShs
Transfer to FIF A/C	4,829,270
Cash in Bank	-
Total	4,829,270

3. General Expenses

Description	2025-2025
	KShs
Bank Charges	30,596
	30,596

4. Cash And Cash Equivalent

Description	2025-2025
	KShs
Current accounts	518418
Total cash and cash equivalents	518418

5. Detailed Analysis of Cash and Cash Equivalents

Description		2025-2025
Financial institution	Account number	KShs
a) Current account		
Kenya commercial bank	1157486959	518418
Sub- total		518418
Grand total		518418

6. Receivables From Exchange Transactions

Description	2025 - 2025
	KShs
Medical services receivables-SHA	107580
Total receivables	518418

7. Trade And Other Payables

Description	2025 - 2025
	KShs
Cash in bank due to FIF	518418
	518418