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REPORT

OF

THE AUDITOR-GENERAL

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ON

KIOGORO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KISII

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# KIOGORO LEVEL 4 HOSPITAL (Kisii County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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## 1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent

Fiduciary Management      Key management personnel who have financial responsibility in the entity.

## 2. Key Entity Information and Management

### (a) Background information

Kiogoro Hospital is a level 4 hospital established under gazette notice number 8680 and is domiciled in Kisii County under the Health Department. The hospital is governed by a Board of Management and is located at kiogoro town centre.

### (b) Principal Activities

#### HOSPITAL VISION

An efficient and high-quality healthcare system that is accessible, equitable and affordable for every resident of Kisii county.

#### MISSION

To provide integrated, promotive, preventive, curative and rehabilitative healthcare services to all residents of Kisii county

### (c) Key Management

Kiogoro hospital management is under the following key organs:

- Kisii County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital management team

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Christopher Omurwa
2.	Head of finance	CPA Kevin Oribu
3.	Head of supply chain	Jackline ondimu
4.	Hospital administrator	Philes Rioba
5.	Hospital Pharmacist	Angeline obae
6.	Nurse Manager	Jane Kerauni

### (e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee

- County Assembly
- Parliamentary committees
- Other oversight committees

**(f) Entity Headquarters**

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

**(g) Entity Contacts**

Telephone: (254)724474506  
E-mail: [kiogorohospital@gmail.com](mailto:kiogorohospital@gmail.com)  
Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**(h) Entity Bankers**

Kenya commercial bank  
P.O. Box-40200  
Kisii, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**


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

**(k) County Attorney**





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




### 3. The Board of Management

Ref	Directors	Details
1.	<p>IBRAHIM MOGITABA</p> 	<p>IBRAHIM MOGITABA CHAIRMAN AGE 83 YEARS RETIRED TEACHER WITH 42 YEARS WORKING EXPERIENCE.</p>
2.	<p>PENUEL NYAMWAMU</p> 	<p>PENUEL NYAMWAMU MEMBER AGE 52 YEARS DIPROMA IN EDUCATION TEACHER WITH 16 YEARS OF EXPERIENCE</p>
3.	<p>IRINE NTABO</p> 	<p>IRINE NTABO AGE 60 YEARS K.C.S.E-----MEMBER</p>
4.	<p>ROSE ONDIEKI</p> 	<p>ROSE ONDIEKI AGE 58 YEARS KCSE MEMBER</p>

5.	<p>CHRISTOPHER OMURWA</p> 	<p>CHRISTOPHER OMURWA FACILITY IN CHARGE AGE 37 BACHELOR OF CLINICAL MEDICINE AND SURGERY</p>
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#### 4. Key Management Team

Ref	Management	Details
1.	<p>CHRISTOPHER OMURWA</p> 	<p>CHRISTOPHER OMURWA            FACILITY IN CHARGE            AGE 37            BACHELOR OF CLINICAL            MEDICINE AND SURGERY</p>
2.	<p>JANE KERAUNI</p> 	<p>JANE KERAUNI            NURSE IN CHARGE            AGE 40            COMMUNITY HEALTH            NURSING</p>
3.	<p>PHILIS RIOBA</p> 	<p>PHILES RIOBA            ADMINISTRATOR            AGE 33 YEARS            BACHELORS OF            ADMNISTRATION</p>
4.	<p>VIOLET OMWANGE</p> 	<p>VIOLET OMWANGE            AGE 38 YEARS            LAB TECH            BSC IN MENICAL            LABORATORY SCIENCE</p>

	<p>JANET MOENGA</p> 	<p>JANET MOENGA  ACCOUNTANT  AGE 37 YEARS  BACHELORS OF  COMMERCE, FINANCE</p>
5.	<p>JOSHUA OGAMBA</p> 	<p>JOSHUA OGAMBA  AGE 40 YEARS  PROCUREMENT  SUPPLY CHAIN  MANAGEMENT</p>
6.	<p>ANGELINE OBAE</p> 	<p>ANGELINE OBAE  AGE 38 YEARS  PHARM TECH  DIPLOMA IN PHARMACY</p>
7.		

## 5. Chairman's Statement

On behalf of the facility board, i take this opportunity to appreciate the collective effort of our management team, staff, partners and community in making our facility a centre of service and hope. over the past one year the facility has recorded a notable progress, we have improved patient attendance and satisfaction, strengthened essential service delivery, expanded access to preventive and curative health care services, our collaboration with county and national health stakeholders has enabled us to improve infrastructure whereby there is a newly refurbished maternity ward with a thirty bed capacity which is complete with modern requirements, staff have been trained on equipment.

### Challenges

Despite the achievements the facility continues to face challenges such as inadequate funding to meet growing patient needs, occasional shortage of essential drugs, under staffing, limited infrastructure to handle the rising demand and technology gap.

### Way forward

The board is committed to working closely with government authorities, partners and community to mobilize additional resources, strengthen accountability mechanism and enhance efficiency in service delivery, we will also prioritize staff motivation, capacity building and adoption of digital health technology to improve patient care.

Our long term vision is to transform this facility into a model centre for excellence that offers comprehensive, accessible and patient centred care, we aspire to expand specialized services, embrace research and innovation, strengthen maternal and child health and deepen community engagement to ensure sustainable health care delivery.

In conclusion i reaffirm our commitment to ensuring that this facility remains a trusted health partner for our community delivering quality services with integrate, compassion and professionalism.



.....  
**Ibrahim Mogitaba**  
Chairman of the Board

## 6. Report of The facility in charge

As facility in charge of kiogoro hospital I take a pride in highlighting the progress we have made ,the challenges we continue to face and our vision for the future.

### Success

Over the past one year the facility has made a significant strides in improving service delivery, we have enhanced patient care through better triage system, expanded essential services like maternity, dental services, immunization, emergence response, staff commitment and team work has been at the centre of our achievement alongside strong community trust and support.

### Challenges

Despite the milestone we continue to face challenges such as limited financial resources, under staffing, infrastructure gap, occasional commodity stock outs

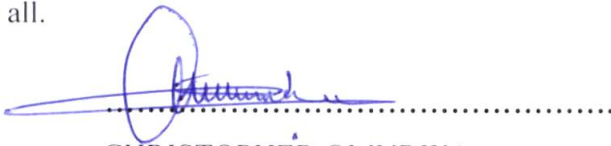
### Way forward

We are priotizing resource mobilization through partnership NGOs, county government and other community stakeholders. Also working on capacity building of our staff through continuous professional development and adopting innovative strategies such as digital records to enhance efficiency .strengthening accountability and transparent financial management will also remain a key focus.

### Future outlook

Looking ahead we envision a hospital that is more resilient, technologically advanced and people centred. Our goal is to expand infrastructure strengthen preventive and protective heath care services.

With continued dedication, community engagement, stake holders support, we are confident of transforming our facility into a model hospital that delivers quality affordable and accessible health care for all.



CHRISTOPHER OMURWA

**Secretary to the Board**

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

Kiogoro level 4 hospital does not have a strategic plan yet, however the fund develops its annual work plans based on the objectives and principles of the Fund. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The objectives of the fund include;

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical; supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainably generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health related emergencies and disaster
- g) Ensure that the 70% of the funds is used for curative and 30% of the funds is used for preventive and promotive health care services respectively

## **8. Corporate Governance Statement**

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our procedures and processes are anchored on accountability, transparency, responsibility, and fairness which are the tenets of good corporate governance. Through the board of management Kisii County Health Facilities Improvement fund is complying with statutory requirements.

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

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

### **Role of the Board**

The responsibility of driving good corporate governance and stewardship of the fund is vested in the board of management. The board through its committees provide strategic direction, oversight, risk management, resource mobilization and stakeholder engagement. The medical superintendent officer is assisted by the Executive Management Committee who are accountable to the Board for implementation.

### **Conflict of interest**

Declaration of conflict of interest is a standing agenda in all meetings of the Board and its committees. A register maintained by the institution to record all potential conflict declared by board members and board members should re excuse themselves from discussion or decisions where they have vested interest

### **Board Remuneration**

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

## 9. Management Discussion and Analysis

### ANC COVERAGE AND HIV TESTING

<b>ORGANISATION UNIT/NAME</b>	<b>1st ANC</b>	<b>ANC ATTENDANCE COVERAGE %</b>
Kiogoro level 4 Hospital	696	87.9%

3700 over 5 years attended out patient. 32 were referred for further management.

826 under 5 years children received outpatient services and 6 were referred for further management.

No mortality was recorded during the period.

We had 201 deliveries all resulting in live births.

## 10. Environmental and Sustainability Reporting

Kiogoro level 4 hospital remains committed to promoting environmentally sustainable practices in all areas of its operations. The hospital recognizes the direct link between environmental health and public health outcomes, and therefore integrates sustainability principles into its service delivery, infrastructure development, and resource management.

### i) Sustainability strategy and profile

As Kiogoro level hospital we conduct our operations in a manner that considers the environment. We are committed to being transparent and open with our operations.

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

During the financial year ended 30 June 2025, the hospital undertook several initiatives aimed at reducing its environmental footprint and enhancing sustainability.

### ii) Environmental performance

The Kiogoro level 4 hospital management various environmental practices in performance to ensure that staffs are also provided with protective equipment as indicated below:

**Waste Management:** Implementation of improved medical waste segregation and disposal procedures in compliance with the National Environmental Management Authority (NEMA) guidelines. Incineration processes were optimized to minimize emissions.

**Energy Efficiency:** The hospital continued its gradual transition to energy-efficient lighting systems and solar-powered backup solutions to reduce dependence on grid electricity and lower operational costs.

**Water Conservation:** Installation of rainwater harvesting systems and routine maintenance of plumbing infrastructure helped to minimize water wastage and support continuous water supply.

**Green Spaces:** Landscaping and tree-planting activities within the hospital compound were expanded to improve air quality and create a more healing environment for patients.

**Environmental Awareness:** Regular staff sensitization and community outreach programs were conducted to promote environmental stewardship and sustainable practices.

### **iii) Employee welfare**

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

Going forward, Kiogoro level 4 Hospital is committed to further integrating sustainability reporting into its strategic and operational frameworks, aligning with national green growth policies and the United Nations Sustainable Development Goals (SDGs), particularly Goal 3 (Good Health and Well-being) and Goal 13 (Climate Action).

### **iv) Community Engagements**

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

## 11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the kiogoro level 4 Hospital facility's affairs.

### Principal activities

The principal activities of the entity continue to be.

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainably generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health related emergencies and disaster
- g) Ensure that the 85% of the funds is used for curative and 15% of the funds is used for preventive and promotive health care services respectively

### Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 6

### Board of Management

The members of the Board who served during the year are shown on page vi. During the year, a new board was appointed as from 4<sup>th</sup> April 2025.

### Auditors

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

By Order of the Board



Christopher omurwa

**Secretary to the Board**

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

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Kiogoro Level 4 Hospital, which give a true and fair view of the state of affairs of the Kiogoro Level 4 Hospital at the end of the financial year/period and the operating results of the Kiogoro Level 4 Hospital for that year/period. The Board of Management is also required to ensure that the *Kiogoro level 4 hospital* 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 *entity*.

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

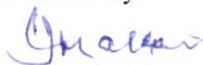
The Board of Management accepts responsibility for the *Kiogoro Level 4 Hospital* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),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


Nothing has come to the attention of the Board of management to indicate that the *Kiogoro Level 4 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 26/08/2025 and signed on its behalf by:



Name: Ibrahim Mogitaba  
Chairperson



Name: Christopher Omurwa  
Accounting Officer

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON KIOGORO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – KISII 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 Kiogoro Level 4 Hospital - Kisii County Government of set out on pages 1 to 14, which comprise of the statement of

financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amount 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 the Kiogoro Level 4 Hospital Hospital - County Government of Kisii as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public sector Accounting Standards Accrual Basis and comply with Health Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

The statement of financial performance, and as disclosed in Note 7 to the financial statements, reflects transfers to other government entity amount of Kshs.1,000,136 under expenses. The amount was transferred to Facility Improvement Fund (FIF) Account. However, this expenditure item (Transfers to other government entities) is not provided for in the prescribed reporting template which requires expenses to be charged to the following chart of accounts: Medical/Clinical costs, Employee costs, Board of Management Expenses, Depreciation and amortization expense, Repairs and maintenance, Grants and subsidies, General expenses, Finance costs. This means that Management did not obtain expenditure returns from FIF to enable proper classification of expenses. This was contrary to 164(3) of the Public Finance Management Act, 2012, which provides that the accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board in accordance with Section 164(3) of the Public Finance Management Act, 2012. Therefore, Management was in breach of the law.

### **2.0. Non-Disclosure of Salaries Paid on Behalf of the Hospital by County Executive**

The statement of financial performance reflects nil employee costs. However, it was noted that the salaries and wages of employee of the Hospital were paid directly by the County Government of Kisii on behalf of the Hospital. The expenses were not disclosed in the Hospital's books of account or financial statements.

In the circumstances, the accuracy and completeness of the statement of financial performance could not be confirmed.

### **3.0. Undisclosed Assets**

The statement of financial position reflects nil balance in respect of non-current assets. However, physical visit to the Hospital and review of the asset register provided for audit revealed that the Hospital had medical equipment, land, hospital beds, generator, furniture and fittings, incinerator among others that were not disclosed in the financial statements. In addition, Management did not maintain a detailed fixed asset register detailing the types of assets, serial/log book number, opening balances, additions, date of acquisitions, disposals, depreciation charged, accumulated depreciation to date and net book value of the assets. Also, ownership documents for the land occupied by the Hospital were not provided for audit review. It was also noted that most of the assets were not tagged and asset movement's registers was not appropriately kept. Thus, such assets may easily be stolen.

In the circumstances, the accuracy and completeness of the reported nil non-current assets balance, and the effectiveness of internal controls over asset management could not be confirmed.

### **4.0. Failure to Disclose Inventories and Weakness in Inventory Management**

The statement of financial position reflects nil inventories balance. However, audit review and inspection conducted in the Hospital's stores on 12 November, 2025 revealed that inventory was received and recorded in the store bin cards and issued by a single officer. This practice increased the risk of errors, omissions and manipulation of figures. Additionally, the processes of receiving and issuing drugs were not automated.

In the circumstances, the accuracy and fair presentation of the financial statements, and the effectiveness of internal control on the management of inventories could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis amounts of Kshs.3,460,000 and Kshs.1,045,317 respectively, resulting in underfunding of Kshs.2,414,683, or 70% of the budget.

The underfunding affected planned activities and may have negatively impacted service delivery by the Hospital.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xvii which comprises 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, Environment and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0. Failure to Retain All Monies Raised at the Hospital**

Review of revenue records obtained from the Kiogoro Sub - County Hospital revealed total collection of Kshs.1,045,317 towards the health facilities improvement. Out of this

amount, a total of Kshs.1,000,136 was transferred to County Health Facilities Improvement Fund Board account. However, the amount reimbursed by the Board to Kiogoro Sub - County Hospital could not be ascertained. This is because the Board made payments on behalf of Kiogoro Sub - County Hospital without disclosing the amount for the expenditures incurred. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

## 2.0. Hospital's Compliance with Minimum Required Criteria for Level 4 Hospital

### 2.1. Inadequate Staffing Levels

Review of the Hospital's operations and records during the financial year revealed that Kiogoro Level 4 Hospital 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:

Description	Level 4 Standard	Number in the Hospital	Variance
Medical Officers	16	0	16
Anaesthesiologists	2	0	2
General Surgeons	2	0	2
Gynaecologists	2	0	2
Paediatrics	2	0	2
Radiologists	2	0	2
Kenya Registered Community Health Nurses	75	8	67
Clinical Officers		4	
Beds	150	13	137
Resuscitaire (2 in Labour & 1 in Theatre)	2	2	0
New Born Unit Incubators	5	4	1
New Born Unit Cots	5	4	1
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) Beds	6	0	6
Renal Unit with at least 5 Dialysis Machines	5	0	5

Description	Level 4 Standard	Number in the Hospital	Variance
Two Functional Operational Theatres – Maternity & General	2	0	2
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	

Further, audit verification noted that a donor constructed a theatre unit to completion, however, it had not been equipped thus, not in operation.

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

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

### **3.0. Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects revenue and expenditure budget amounts of Kshs.3,460,000 each, whose supporting budget prepared and approved by the Hospital was not provided for audit, contrary to Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015, which requires all revenues and expenditures to be entered in the budget estimates.

In the circumstances, Management was in breach of law.

### **4.0. Stalled Project within the Hospital Premises**

During the year under review, it was observed that the proposed male ward building for Kiogoro health center which was being constructed at the Hospital by NGCDF - Nyaribari Chache Constituency in 2015 and later transferred to the Kisii County Government, had stalled and remains abandoned. The structure had loose walls, posing a safety risk to Hospital's occupants. The amount spent on the construction of building was not provided for audit.

In the circumstances, the value for money realized from the amount spent on the project 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1.0. Lack of Audit Committee and Internal Audit Unit**

During the year under review, the Hospital had not established an Internal Audit function and an Audit Committee as required by Part III and Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

#### **2.0. Lack of Approved Policies**

During the year under review, it was noted that the Hospital did not have key governance frameworks, including a risk management strategy, fire safety management strategy, finance and accounting policy manual, information communication and technology (ICT) policy.

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

#### **3.0. Failure to Automate Own Source Revenue Collection**

During the year under review, it was established that, although the management had put in place measures to ensure that all payments were done using the Mobile money transaction platform which was transferred directly to the revenue collection bank account, Management had not mapped and automated any of its revenue-generating streams and was dependent on manual collections process which are prone to errors and inconsistencies and are time-consuming.

In the circumstances, the effectiveness of internal controls over the identification, collection and accounting for the Hospital's own generated revenues 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 the Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements which 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 complies with the authorities which govern them, and that public resources are applied in an effective way.

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

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


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

error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**03 December, 2025**

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

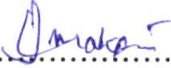
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**14. Statement of Financial Performance for the Period Ended 30 June, 2025**


Description	Note	2024/2025
		Kshs
<b>Revenue from exchange transactions</b>		
Rendering of services- Medical Service Income	6	1,045,317
<b>Total revenue</b>		<b>1,045,317</b>
<b>Expenses</b>		
Transfer to fif fund	7	1,066,421
Bank charges	8	15,150
<b>Total expenses</b>		<b>1,081,571</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>-36,254</b>

(The notes set out on the pages 6-12 form an integral part of the annual financial statement)

The Hospital's financial statements were approved by the Board on 26/08/2025 and signed on its behalf by:

  
 .....  
**Ibrahim Mogitaba**  
**Chairman**  
**Board of Management**

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

  
 .....  
**Christopher omurwa**  
**Facility incharge**

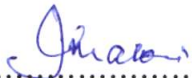
*Kiogoro level 4 Hospital (Kisii County Government)*  
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**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

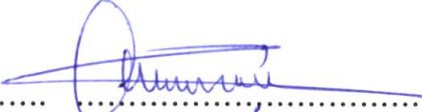
Description	Note	2024/2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	9	66,285
Receivables from exchange transactions		-
<b>Total Current Assets</b>		<b>66,285</b>
<b>Non-current assets</b>		
<b>Total Non-current Assets</b>		<b>0</b>
<b>Total assets</b>		<b>66,285</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	10	66,285.00
<b>Total Current Liabilities</b>		<b>66,285.00</b>
<b>Net assets</b>		<b>0</b>
<b>Represented By:</b>		
Accumulated surplus/Deficit		-36,254
opening balance as at 1st July 2024		36,254
<b>Total Net Assets and Liabilities</b>		<b>0</b>

(The notes set out on the pages 6-12 form an integral part of the annual financial statement)

The Hospital's financial statements were approved by the Board on 26/08/2025 and signed on its behalf by:

  
 .....  
**Ibrahimu mogitaba**  
**Chairman**  
**Board of Management**

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

  
 .....  
**Christopher omurwa**  
**Facility incharge**

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

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

Description	Accumulated surplus/Deficit	Capital	Total
		Fund	
<b>At July 1, 2024</b>	<b>36,254</b>	<b>0</b>	<b>36,254</b>
Surplus/(deficit) for the year	-36,254	0	-36,254
Capital/Development grants	-		
<b>At June 30, 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

Description	Note	2024/2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Rendering of services- Medical Service Income		1,045,317
<b>Total Receipts</b>		<b>1,045,317</b>
<b>Payments</b>		
Transfer to other Government Entites		1,000,136
General expenses		15,150
<b>Total Payments</b>		<b>1,015,286</b>
<b>Net cash flows from operating activities</b>		<b>30,031</b>
<b>Net increase/(decrease) in cash and cash equivalentents</b>		<b>30,031</b>
Cash and cash equivalentents as at 1 July, 2024		36,254
<b>Cash and cash equivalentents as at 30 June. 2025</b>		<b>66,285</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Rendering of services- Medical Service Income	3,460,000.00	-	3,460,000.00	1,045,317.00	2,414,683.00	30.21%
<b>Total income</b>	<b>3,460,000.00</b>	-	<b>3,460,000.00</b>	<b>1,045,317.00</b>	<b>2,414,683.00</b>	<b>30.21%</b>
<b>Expenses</b>						
Transfers From Other Government Entities	3,400,000.00	-	3,400,000.00	1,000,136.00	2,399,864.00	29.42%
General expenses	60,000.00	-	60,000.00	15,150.00	44,850.00	25.25%
<b>Total Expenses</b>	<b>3,460,000.00</b>	-	<b>3,460,000.00</b>	<b>1,015,286.00</b>	<b>2,444,714.00</b>	
<b>Surplus for the period</b>	-	-	-	<b>30,031.00</b>	<b>(30,031.00)</b>	
<b>Capital expenditure</b>	-	-	-	-	-	-

Note:

The underutilization was due to unrealized projections.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	30,031
	Opening balance	36,254
	Closing Cash and Cash Equivalent as per the statement of Cash flows	66,285

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

### **1) General Information**

Kisii County Health Facilities Improvement Fund entity is established by and derives its authority and accountability from the Kisii County Health Facilities Improvement Fund Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The entity's principal activity is to provide for the additional funding for the management of health systems and public facilities improvement in the county, to enable sustainable operations of health facilities and for connected purposes.

### **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 fund's accounting policies.

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

**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.**

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

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

Standard	Effective date and impact:
	infrastructure assets.
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> <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>
IPSAS 47- Revenue	<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>
IPSAS 48- Transfer Expenses	<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>
IPSAS 49- Retirement Benefit Plans	<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>
IPSAS 50:	<b><i>Applicable 1<sup>st</sup> January 2027</i></b>

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

Standard	Effective date and impact:
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 fund and can be measured reliably.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by Board. No *Subsequent* revisions or additional appropriations were made to the approved budget. The fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Budgetary notes to these financial statements.

**c) Related parties**

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

**d) Cash and cash equivalents**

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

**e) Comparative figures**

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

**f) Subsequent events**

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

**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

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

Description	2024-2025
User Fee	1,045,317
SHA/NHIF	
SHA Receivables	-
<b>Total</b>	<b>1,045,317</b>

**7. Transfers to fif fund**

Description	2024 - 2025
	KShs
Transfer to FIF A/C	1,000,136
Cash in Bank	66,285
<b>Total</b>	<b>1,066,421</b>

**8. Bank charges**

Description	2024-2025
	KShs
Bank Charges	15,150
	<b>15,150</b>

**9. a Cash And Cash Equivalents**

Description	2024-2025
	KShs
Current accounts	66,285
<b>Total cash and cash equivalents</b>	<b>66,285</b>

**9. b Detailed Analysis of Cash and Cash Equivalents**

Description		2024-2025
Financial institution	Account number	KShs
a) Current account		
Kenya commercial bank BANK	1225471176	66,285
<b>Sub- total</b>		<b>66,285</b>
<b>Grand total</b>		<b>66,285</b>

**10. Trade payables**

Description	2024 - 2025
	KShs
Transfer due to FIF	66,285
<b>Total Receivables</b>	<b>66,285</b>