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REPORT

OF

THE AUDITOR-GENERAL

ON

KEUMBU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

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COUNTY GOVERNMENT OF KISII



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KEUMBU LEVEL 4 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
Fiduciary Management	Key management personnel who have financial responsibility in the Keumbu Level 4 Hospital.

2. Key Entity Information and Management

(a) Background information

Keumbu Level 4 Hospital is a Sub County hospital established by and derives its authority and accountability from Kisii County Health Management Services Fund Act, 2015 under gazette notice number 3142 dated 16/06/1995 and is domiciled in Kisii County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

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

(c) Key Management

The Keumbu Level 4 hospital's management is under the following key organs:

Board of Management

Ref	NAME	POSITION
1.	Mr. Japheth Oginda	Chairman
2.	Dr. Audrey Kwamboka Oonge	Secretary
3.	Mr. Jacob Moenga	Member
4.	Priscilla Omoke	Member
5.	Richard Matimo Ayienda	Member
6.	Mrs. Stella Moraa	Nurse in-charge
7.	M/s Violet Motanya	Procurement Officer
8.	M/s. Irene Moraa	Accountant
9.	Grace Lasoi	Assistant County Commissioner Keumbu
10.	Mr. Stanley Ratumo	Sub County Administrator
11.	M/s. Janet Sitoki	SHAO

(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.	Chief Officer Finance	Vincent Nyangwara
2.	Chief officer Health	Carren Orori
3.	Head of Accounts- Health	Kevin Oribu

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

- Audit committee

The County Government of Kisii has an audit committee that provides oversight on the hospital through the internal audit.

-County Assembly

The County Assembly of Kisii carries out its oversight responsibilities on the hospital through its health committee and the County Public Investment Accounts Committee.

-Senate committees

The hospital is answerable to the Senate County Public Accounts Committee before which it appears to answer to any queries or matters raised concerning its financial management

(f) Keumbu Level 4 Hospital Headquarters

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

(g) Keumbu Level 4 Hospital Contacts

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

(h) Keumbu Level 4 Hospital Bankers

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

(i) Independent Auditors

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

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(j) Principal Legal Adviser

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



(k) County Attorney

P.O. Box. 4550-40200
Kisii, Kenya


3. Board of Management


Ref	Directors	Details
1.	 <p>Mr. Japheth Oginda 36 years CHAIRMAN TO THE BOARD</p>	<p>BACHELOR OF COMMERCE(AACCOUNTING OPTION) I have three years' experience in the busy, banking industry and have done so well in selling the products, building the processes and people relationships in several different departments and divisions of banking. I also have one-year experience as an intern in finance department in Kisii municipal council and office of public trustee.</p> <p>Relationship Officer –Equity Bank limited</p> <ul style="list-style-type: none"> <input type="checkbox"/> Managed and grew a portfolio of retail and SME clients through personalized banking solutions. <input type="checkbox"/> Conducted customer onboarding, account management, and cross-selling of bank products. <input type="checkbox"/> Ensured compliance with KYC, AML, and internal policy requirements. <input type="checkbox"/> Supported branch business growth by identifying opportunities for deposit mobilization and loan uptake. <input type="checkbox"/> Provided excellent customer service and resolved client issues promptly and professionally. <p>Direct Sales Representative- Bank of Africa</p> <ul style="list-style-type: none"> <input type="checkbox"/> Marketed and sold bank products including accounts, loans, credit facilities, and insurance-linked products. <input type="checkbox"/> Conducted field mobilization, lead generation, and customer outreach campaigns. <input type="checkbox"/> Achieved monthly sales targets through proactive engagement and customer relationship building. <input type="checkbox"/> Educated customers on product features, benefits, and financial literacy. <input type="checkbox"/> Enhanced the bank's market presence through targeted sales strategies. <p>Audit Clerk-Gusii Mwalimu Sacco</p> <ul style="list-style-type: none"> <input type="checkbox"/> Assisted in internal audit reviews of member accounts, loans, and financial records.

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		<ul style="list-style-type: none"> <input type="checkbox"/> Verified documentation for accuracy, completeness, and compliance with policies. <input type="checkbox"/> Supported audit reporting, risk assessment, and follow-up of audit queries. <input type="checkbox"/> Maintained proper filing and documentation of audit evidence. <input type="checkbox"/> Collaborated with departments to address audit findings and improve internal controls.
2.	 <p>Name: Richard Ayienda Retired Senior Technician Organization: Kenya Power & Lighting Company (KPLC) Total Service Duration: 35 Years MEMBER TO THE BOARD</p>	<p>Secondary Education (Kenya Certificate of Secondary Education)-KCSE Technical/Trade Certification in Electrical Work / Power Systems.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ongoing in-service training in utility operations, distribution safety, climbing-poles training, overhead line safety and first-aid/rescue. <input type="checkbox"/> Periodic refresher courses in regulations, occupational health & safety and new technologies in power distribution. <p>Richard Ayienda was a seasoned electrical systems professional with 35 years of service at Kenya Power & Lighting Company. His long tenure reflects a deep expertise in power distribution, maintenance, and field operations across multiple regions. Known for his reliability, safety-conscious approach and strong problem-solving skills, Richard has consistently delivered in high-pressure environments and has been a trusted resource for the utility.</p>
3.		<p>Key qualifications</p> <ul style="list-style-type: none"> <input type="checkbox"/> P1 Teacher Training Certificate (Primary Teacher) <input type="checkbox"/> Various in-service training programs in teaching methodology, curriculum development, and learner assessment work experience <p>Provided foundational education to early primary school learners, focusing on literacy, numeracy, and moral education.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Designed and delivered engaging lesson plans tailored to diverse learning needs. <input type="checkbox"/> Maintained a disciplined and supportive classroom environment conducive to learning.

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	<p>Name: Priscilla Omoke Profession: Teacher (P1) Status: Retired (2018) MEMBER TO THE BOARD</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Mentored newly recruited teachers and participated in continuous professional development programs. <input type="checkbox"/> Actively engaged with parents and the community to support learner development and well-being.
<p>4.</p>	<div style="text-align: center;">  </div> <p>JACOB M. MOENGA Age 73years First employment 1976 years MEMBER TO THE BOARD</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Degree in Peace & Conflict Management – Kisii University <input type="checkbox"/> Diploma in Agriculture – Egerton University <input type="checkbox"/> Certificate in Agriculture – Bukura Agricultural College <input type="checkbox"/> Certified Mediator – Kisii Law Courts <p>Jacob M. Moenga is a highly experienced professional with a distinguished career in agriculture, conflict resolution, and community service. With over four decades of service, he has held key positions as an Agriculture Officer across multiple counties, including Nakuru, Kajiado, and Kisii, contributing to agricultural development and food security. In addition, he has served as a certified mediator at Kisii Law Courts, leveraging his expertise in peace and conflict management to resolve community disputes. Jacob combines academic excellence, practical agricultural skills, and strong mediation abilities to impact both the agricultural sector and local communities positively.</p> <p>Professional Experience:</p> <ul style="list-style-type: none"> • Agriculture Officer -Nakuru, Kajiado, Kisii <ul style="list-style-type: none"> ○ Planned and implemented agricultural programs to support farmers and enhance productivity. ○ Conducted training and extension services for farmers on modern farming practices and sustainable agriculture. ○ Assisted in crop and livestock development initiatives, ensuring food security and economic empowerment.

		<ul style="list-style-type: none"> • Mediator – Kisii Law Courts <ul style="list-style-type: none"> ○ Facilitated dispute resolution processes, helping parties reach amicable agreements. ○ Applied skills in negotiation, conflict analysis, and community engagement. ○ Promoted peaceful coexistence and strengthened local governance structures. □ Over 40 years of service in agriculture and community development. □ Served as Agriculture Officer across three major counties in Kenya, implementing programs that improved farmer productivity. □ Certified mediator for Kisii Law Courts, contributing to peacebuilding and dispute resolution in the community.
5.	 <p>GRACE LASOI AGE: 35 YEARS ASSISTANT COUNTY COMMISSIONER KEUMBU SUBCOUNTY</p>	<ul style="list-style-type: none"> • A national government officer serving under the Deputy County Commissioner. • Responsible for security, coordination of national government functions, public administration, and disaster management within divisions or sub-counties. • Often oversees chiefs and assistant chiefs.

4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Audrey Kwamboka Oonge Currently SMOH/ MED SUPT Keumbu Level 4 Hospital Senior Medical Officer in public service, MBCHB, Medical doctor, licenced by Kenya Medical Practitioners and Dentists Council. Certified by University of Washington Department of Global Health as a Leader and Manager in Public health. 10 years of experience and continued capacity building while working in Public and Private Hospitals with adaptability to hardship, rural and urban centres. Leveraging on Universal Health coverage structures to ensure delivery of quality health services while actively participating in Policy and advocacy as a member of Kenya Medical Association, Nyanza Division.</p>	Medical Superintendent
2.	 <p>Irene Torori Bachelor's Degree Business Management CPA (Certified Public Accountant)</p>	Head of Finance

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3.	 Violet Motanya Bachelors Supply Chain Management- Kisii University	Head of Supply Chain
4.	 Janet Sitoki Higher Diploma Health Administration	Hospital Administrator
5.	 Dr. Poline Moraa Bachelor in Pharmacy- MOUNT KENYA UNIVERSITY Higher Diploma in Pharmacy -KMTC NAIROBI Diploma in Pharmacy -KMTC NAIROBI	Hospital Pharmacist
6.	 Stella Moraa Bachelor Of Science Nursing- Baraton University	Nurse Manager

5. Chairman's Statement

During the reporting period, Keumbu Sub-County Hospital continued to fulfil its mandate of providing quality, affordable, and accessible healthcare services to the residents of Keumbu and its environs. The Board, working closely with hospital management and the County Department of Health, provided strategic oversight aimed at strengthening governance, service delivery, and resource utilization. Formation of the Keumbu Level 4 Hospital board

This board is formed in accordance to the kisiu and comprises of the following members;

1.	Chairman	
2.	Medical Superintendent	-Secretary
3.	Member	
4.	Member	
5.	Nurse in-charge	-Co-opted member
6.	Procurement Officer	-Co-opted member
7.	Accountant	-Co-opted member
8.	Assistant County Commissioner	-Keumbu
9.	Sub County Administrator	
10.	SHAO	-Co-opted member

Key Activities Undertaken

The following major activities were implemented during the year under review:

- Strengthening of primary healthcare and community outreach programs to enhance preventive and promotive health services.
- Expansion of maternal and child health services, including increased antenatal and immunization coverage.
- Upgrading of diagnostic and laboratory equipment to improve accuracy and turnaround time of results.
- Implementation of digital health record systems to enhance efficiency and data integrity.
- Continuous professional development and capacity building for healthcare staff.
- Infrastructure maintenance and minor renovations to improve the working environment and patient experience.

Key Achievements

Significant progress was made in several areas, including:

- Improved patient satisfaction and increased service utilization across major departments.
- Strengthened collaboration with the County Government, development partners, and community stakeholders.
- Better accountability and transparency in the management of financial and non-financial resources.
- Recognition by the County Health Management Team for consistent improvement in service indicators and community engagement.

Challenges Encountered

Despite these gains, the hospital faced several challenges during the period:

- Inadequate and delayed budgetary allocations affecting timely procurement of supplies and maintenance.
- Shortage of critical healthcare personnel, leading to workload pressure on existing staff.
- Periodic stock-outs of essential medicines and laboratory reagents.
- Limited infrastructure space, particularly in the maternity and outpatient departments.
- Occasional power fluctuations affecting service delivery in sensitive units.

Future Outlook and Way Forward

Looking ahead, the Board of Management will focus on the following strategic priorities:

- Mobilizing additional resources through partnerships, grants, and community participation.
- Expanding and modernizing hospital infrastructure, including completion of the maternity and outpatient projects.
- Strengthening staff welfare, motivation, and continuous training.
- Enhancing supply chain management to reduce stock-outs and improve service continuity.
- Deepening the use of technology in data management, monitoring, and evaluation for informed decision-making.

The Board of Management expresses its appreciation to the County Government of Kisii, the Ministry of Health, development partners, staff and the community for their continued support and collaboration. With collective effort and accountability, Keumbu Sub-County Hospital is well-positioned to sustain its growth trajectory and continue serving as a model facility in the region.

Board meetings

We have held four board meetings whereby various issues were discussed as per the invitation letters as shown below:

	13/02/2025		14/02/2025		15/02/2025		16/02/2025	
	Present		Present		Present		Present	
Mr. Japheth Oginda	✓		✓		✓		X	
Richard Ayienda	✓		✓		✓		✓	
Priscilla Omoke	✓		✓		✓		✓	
Jacob M. Moenga	✓		✓		X		✓	
Grace Lasoi	✓		X		✓		✓	

Key:

Present: ✓

Absent: X

.....


Name: Japheth Oginda
Chairman to the Board

6. Report of the Medical Superintendent

During the year, Keumbu Level 4 Hospital continued to provide essential healthcare services to the residents of Keumbu and neighboring areas in Kisii County. Guided by the County Health Department and the Board of Management, the hospital maintained its focus on improving quality of care, enhancing efficiency, and strengthening community health systems.

Our key operational priorities included:

- Improving access to quality outpatient and inpatient services.
- Expanding maternal, newborn, and child health programs.
- Strengthening disease prevention, surveillance, and health promotion initiatives.
- Enhancing human resource capacity and staff welfare.
- Promoting financial accountability and prudent use of available resources.

Service Delivery Highlights

The hospital experienced a notable increase in service utilization compared to the previous year. Key service indicators were as follows:

- Outpatient attendance
- Inpatient admissions
- Deliveries conducted
- Immunization coverage
- Laboratory and diagnostic tests

Community outreach programs were strengthened through collaboration with community health volunteers (CHVs) and partner organizations. These efforts contributed to better disease surveillance, health education, and early intervention.

Infrastructure and Equipment

Significant progress was made in upgrading hospital infrastructure and equipment, including:

- Rehabilitation of the maternity ward and expansion of the outpatient department.
- Procurement of essential diagnostic and laboratory equipment, improving service turnaround time.
- Installation of a digital health records system, reducing patient waiting times and improving data management.
- Routine maintenance of existing infrastructure to ensure a safe and conducive working environment.

Human Resources

The hospital continued to face staffing gaps, especially in specialized departments such as laboratory services, nursing, and pharmacy.

However, capacity building initiatives were implemented through:

- In-service training and continuous medical education (CME) sessions.
- Supervision and mentorship programs by the County Health Management Team.
- Enhanced collaboration with medical training institutions for clinical attachment and internship programs.

Staff motivation and welfare remain key priorities, and the Board continues to advocate for improved human resource allocation from the County Government.

Financial Performance

During the financial year under review, the hospital operated within its approved budget framework, utilizing funds from user fees and reimbursements from SHA.

The facility collected 12,009,564/= from user fee, 5,691,372/= from SHA reimbursement and 13988414.50 was transferred to the Kisii FIF pool account.

Revenue collection improved marginally due to enhanced billing efficiency and increased service utilization. Expenditures were primarily directed toward:

- Procurement of essential medicines and medical supplies.
- Maintenance and repair of equipment.

Financial performance remained stable despite delayed disbursements and funding constraints. Measures are in place to further strengthen internal controls, accountability, and cost-efficiency in the coming year.

Challenges

The hospital encountered several challenges during the period:

- Inadequate staffing levels leading to overworked personnel.
- Occasional stock-outs of critical drugs and laboratory reagents.
- Limited space and aging infrastructure in some departments.
- Irregular supply of utilities such as water and electricity, affecting some services.
- Inconsistent funding flow from the County Treasury.

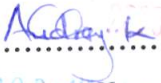
These challenges have been escalated to the County Department of Health, and mitigation measures are being implemented progressively.

Future Outlook

In the coming year, the hospital aims to have a positive growth trajectory with plans to:

- Expand and modernize infrastructure (wards, emergency unit, lab, maternity).
- Recruit additional staff to address shortages.
- Enhance SHA revenue through accreditation and better claims processing.
- Fully implement electronic medical records (EMR).
- Strengthen quality-of-care systems and patient safety.
- Increase outreach and preventive health programs.
- Strengthen governance and compliance with audit recommendations.
- Engage partners to support specialized services (maternal health, emergency care).

These developments will enhance the hospital's capacity to deliver high-quality, integrated, and equitable healthcare services.


.....
Name: Dr. Audrey Kwamboka Oonge
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Keumbu Level 4 Hospital has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- 1: Quality and Patient Centred Service Delivery
- 2: Infrastructure, Technology & Equipment
- 3: Human Resources & Capacity Building
- 4: Financial Sustainability & Revenue Mobilisation
- 5: Community Engagement & Preventive Health
- 6: Community Engagement & Preventive Health

Keumbu Level 4 Hospital develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Keumbu Level 4 Hospital achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the diagram below.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Quality and Patient Centred Service Delivery	<p>Improve clinical outcomes in outpatient, inpatient, maternity and emergency services.</p> <p>Strengthen patient-safety systems, infection prevention and control (IPC).</p> <p>Improve patient experience and satisfaction.</p>	<p>Clinical quality improvement, patient satisfaction, risk management, infection prevention & control, patient-safety protocols.</p>	<p>Ensures that patients receive timely, effective and respectful care; aligns with universal health coverage goals and service delivery priorities seen in Kenyan health planning.</p>	<p>Enhance the quality, safety, and responsiveness of healthcare services</p>

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Infrastructure, Technology & Equipment	Develop and maintain physical infrastructure and medical technology to support high-quality care.	Facility renovation, diagnostic & therapeutic equipment, e-health systems	The Kenya Health Sector Strategic Plan emphasizes upgrading physical infrastructure, medical devices, and ICT in health facilities.	Provide modern, adequate and functional infrastructure and equipment.
Human Resources & Capacity Building	Strengthen the hospital's workforce capacity, competency, and motivation.	Recruitment, retention, continuous professional development, performance management, leadership development.	Recruitment of nurses, clinicians, lab technologists, pharmacists, and support staff. Establish a structured CPD and mentorship program. Introduce staff welfare programs.	Develop a competent, motivated and adequately staffed workforce.
Financial Sustainability & Revenue Mobilisation	Improve financial planning, budgeting, and reporting. Increase internally generated revenue and enhance NHIF utilization. Strengthen cost control and expenditure management.	Budget management, cost recovery, public-private partnerships, SHA coverage, resource mobilisation.	Strengthen SHA claims processing and follow-up. Improve cash-flow tracking and financial reporting. Enhance procurement efficiency and asset management.	Enhance financial management for sustainability and efficient service delivery.

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<p>Community Engagement & Preventive Health</p>	<p>Strengthen outreach and community health programs.</p> <p>Increase uptake of preventive services (immunization, ANC, screening).</p> <p>Enhance partnerships with CHVs, schools, CBOs, and religious organizations.</p>	<p>Outreach clinics, health education, immunization drives, partnerships with community health volunteers, public health campaigns</p>	<p>Conduct mobile clinics/outreach to remote areas.</p> <p>Run immunization, nutrition, HIV, and maternal health campaigns.</p> <p>Train and support Community Health Volunteers.</p> <p>Establish community feedback and referral systems.</p>	<p>Promote healthy communities through preventive and promotive health initiatives</p>
<p>Monitoring, Evaluation & Research</p>	<p>Build a robust system for data-driven decision-making, learning, and continuous improvement.</p>	<p>Health information systems, regular performance reviews, quality audits, data reporting.</p>	<p>To ensure accountability, adapt to emerging health needs, and track progress, hospitals need strong M&E</p>	<p>Build a strong data-driven decision-making and learning system</p>

8. Corporate Governance Statement

Provide the corporate governance statement as guided below:

- i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*

Board members are appointed by the County Government of Kisii through the County Department of Health, following established procedures for public appointments. The selection process considers professional qualifications, community representation, gender balance, and stakeholder diversity to ensure fair and inclusive representation.

Removal of members follows due process as stipulated by county regulations, typically on grounds of non-performance, misconduct, or conflict of interest.

The Board comprises members from diverse professional backgrounds, including health, finance, administration, and community representation.

A Board Charter exists to guide the structure, roles, and responsibilities of the Board and its committees.

- ii. Roles and functions of the board*

The Board provides strategic leadership and oversight of the hospital's operations. Its main functions include:

- Approving strategic and annual work plans.
- Reviewing and approving budgets and policies.
- Overseeing financial management and ensuring accountability.
- Monitoring performance and service delivery standards.
- Advising the County Government on policy and operational matters affecting the hospital.

- iii. Induction, training, and development*

Newly appointed Board members undergo a formal induction program facilitated by the County Department of Health. The training covers governance principles, financial oversight, ethical conduct, and healthcare management.

The Board also participates in periodic capacity-building sessions to update members on emerging trends in governance and public health management.

iv. Board and members' performance

The Board undertakes annual performance evaluations to assess its effectiveness and that of individual members. The assessment focuses on participation, decision-making, compliance with ethical standards, and contribution to strategic objectives.

For the financial year under review, the Board's performance was rated satisfactory, with members demonstrating strong commitment to their oversight responsibilities.

v. Number of Board meetings held and the attendance to those meetings by members

During the year ended 30th June 2025, the Board held four (4) regular meeting. Attendance was consistently high, with most members attending at least 80% of the scheduled meetings. All proceedings were documented through formal minutes and maintained in accordance with governance requirements.

vi. Succession plan

The Board has adopted a Succession Planning Policy to ensure continuity of leadership both at the Board and management levels. The policy provides for mentorship, capacity building, and a structured transition process to minimize disruption in governance and operations.

vii. Policy to manage conflict of interest.

The hospital has a Conflict-of-Interest Policy that requires all Board members and staff to declare any personal or financial interest that may influence decision-making.

viii. Board remuneration

Board members serve on a part-time basis and receive sitting allowances approved by the Salaries and Remuneration Commission (SRC) and the County Government of Kisii.

No bonuses or additional benefits are payable. All remuneration complies with public sector compensation guidelines and is transparently reported.

ix. Ethics and Conduct

All members of the Board and staff are bound by the Public Officer Ethics Act and the hospital's internal Code of Conduct. Ethical leadership, professionalism, and integrity are core values guiding decision-making and operations.

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The Board promotes a culture of accountability and regularly sensitizes members and staff on ethical behavior and anti-corruption measures.

x. Governance audit

An internal governance audit was conducted during the year to assess compliance with corporate governance principles, operational efficiency, and policy implementation.

The audit concluded that governance structures were effective, with recommendations made to enhance documentation, risk management, and performance monitoring. The Board is implementing these recommendations progressively.

xi. Communication policy

The hospital has a Communication Policy that guides internal and external communication. The policy ensures timely, accurate, and transparent dissemination of information to stakeholders, including patients, staff, partners, and the community.

Official communication is managed through designated channels and approved by hospital management.

xii. Terms of Reference of Committees

Committee reports and recommendations are presented to the full Board for consideration and approval.

xiii. Policy on related party transactions

All related transactions are disclosed, approved by the Board, and reviewed to ensure compliance with the Public Finance Management Act and relevant county guidelines.

The Board of Management remains committed to upholding sound corporate governance practices, ethical leadership, and prudent financial stewardship.

Through continuous improvement in governance systems, the hospital seeks to strengthen accountability, service delivery, and stakeholder confidence in Keumbu Sub-County Hospital's operations.

2. Management Discussion and Analysis

Clinical/operational performance

The Keumbo Sub-County Hospital continued to deliver comprehensive healthcare services to the community, focusing on quality, accessibility, and efficiency. The hospital provides a wide range of services including outpatient, inpatient, maternal and child health, emergency care, surgical services, and specialized clinics.

Bed capacity of the hospital.

The hospital has progressively expanded bed capacity to meet growing patient demand.

Overall patient attendance during the year for both inpatient and outpatient.

Overall patient attendance increased which is attributed to improved service delivery, better community outreach, and enhanced diagnostic services.

Accident and Emergency attendance

The steady increase reflects growing confidence in the hospital's emergency response capacity, supported by improved staffing and equipment.

Specialised clinic attendance

The increase in attendance at specialized clinics indicates improved patient health and access to care.

Average length of stay for inpatient.

The gradual reduction in ALOS indicates improved patient management and reduced congestion.

Bed occupancy rate

Occupancy levels are within optimal limits, reflecting efficient bed utilization without overburdening resources.

Mortality rate

The consistent decline in mortality rate demonstrates improvements in clinical quality, early diagnosis, and better case management.

Surgical theatre utilisation (number of operations over a period of time)

The increase is attributed to the recruitment of additional surgical staff and acquisition of modern surgical equipment.

Sponsorships and partnerships

Key partnerships during the year included:

- **County Government of Kisii:** Infrastructure development and staffing support.
- **Donors (USA and MEDS):** Provision of essential drugs and supplies.

These collaborations significantly enhanced resource mobilization and service delivery capacity.

Financial performance that includes: -

○ *Revenue sources,*

Total hospital revenue grew; this is due to reflecting improved service utilization and efficient SIMS systems management

○ *Utilisation of funds*

Funds are strategically applied to achieve maximum impact in service delivery, strengthen hospital infrastructure, and support health outcomes for the community.

The Hospital recorded steady growth in both operational and financial performance over the three-year period. Service delivery indicators improved across all departments, supported by expanded infrastructure, enhanced partnerships, and improved efficiency. Management remains committed to strengthening governance, resource mobilization, and continuous quality improvement to sustain these gains in the coming years.

Signature:

Dr.  Wamboka Oonge

Medical Superintendent

Keenju Level 4 Hospital

Date:



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Global & Macroeconomic Context

1. Climate Change and Health

- Climate change is increasingly recognized as a major health risk: rising temperatures, extreme weather events, and changing disease vectors (e.g., malaria) affect patient loads and hospital operations.
- Hospitals need to prepare for resource stresses (water, energy), potential infrastructure damage, and increased demand for climate-impacted health services.

2. Sustainable Development Goals (SDGs)

- The hospital's sustainability priorities align with good health & well-Being, especially universal health coverage. Kenya's health system reforms and UHC ambitions make this especially relevant.
- Also relevant: Gender Equality and Reduced Inequalities, particularly in procurement and inclusion of marginalized groups (women, youth, persons with disabilities). The Kenyan AGPO (Access to Government Procurement Opportunities) policy reserves 30% of public procurement for youth, women, and PWDs.
- Responsible Consumption & Production is applicable in hospital procurement, waste management, and resource efficiency.

3. International Best Practices / Frameworks

- Hospitals globally are adopting triple bottom line sustainability.
- Strategic management: developing green policies, using sustainability indicators, involving all staff.
- Supplier/supply chain management: selecting suppliers based on environmental and social criteria, life-cycle analysis, encouraging reuse rather than disposables.
- Resource management: energy efficiency, water conservation and sustainable waste management.
- Community & social engagement: training staff, awareness campaigns, integrating local community in planning.

B. Keumbu Hospital's Sustainability Priorities & Policy Framework

Here, the accounting officer should describe what Keumbu Level 4 Hospital currently prioritizes in terms of sustainability. Below is a hypothetical structure:

1. Vision / Mission Alignment

- The hospital aims to deliver high-quality, equitable healthcare sustainably, minimizing environmental footprint while maximizing social impact.
- Commitment to UHC principles and aligning with national health strategy

2. Governance & Leadership

- A sustainability committee within the hospital administration, including clinical, administrative, and facilities staff.
- A policy for "Green Procurement": integrating environmental and social criteria into tender documents.

3. Operational Priorities

- **Energy management:** auditing energy use, switching to energy-efficient lighting / appliances, exploring alternative energy like use of solar
- **Water management:** leak detection, installing flow restrictors, dual-flush toilets, possibly rainwater harvesting.
- **Waste management:** robust segregation (infectious, non-infectious, recyclables), working to reduce single-use plastics, and ensuring safe disposal.
- **Procurement & Supplier Management:** prioritizing local suppliers, particularly youth-, women-, and PWD-owned enterprises (in line with AGPO).
- **Social Inclusion:** employment and contracting practices that support marginalized groups; community health outreach; patient feedback mechanisms.
- **Staff Engagement & Training:** training staff on sustainability practices, encouraging energy/water conscious behavior, green champions.

4. Monitoring & Reporting

- Key Performance Indicators (KPIs) for sustainability
- Annual sustainability report to track progress.
- Stakeholder feedback to adjust strategies.

ii) Environmental performance

Keumbu Hospital is committed to protecting the environment, promoting sustainable healthcare operations, and complying with national environmental regulations. The hospital's environmental policy is guided by the following principles:

Policy Commitments

Compliance with Laws & Standards

- Adherence to the Environmental Management and Coordination Act, NEMA guidelines, Public Health Act, sustainability standards, and county environmental regulations.

Sustainable Resource Use

- Efficient use of water, energy, and consumables.
- Adoption of renewable energy where feasible.

Pollution Prevention & Waste Minimization

- Reduce, reuse, and recycle materials to minimize environmental impact.
- Proper segregation, storage, treatment, and disposal of medical and general waste.

Green Procurement

- Preference for suppliers of eco-friendly, energy-efficient, and recyclable products.
- Reduction of plastic-related procurement.

Climate Change Mitigation & Adaptation

- Adoption of climate-smart technologies and infrastructure resilience.
- Promotion of environmental awareness among staff, patients, and community members.

Biodiversity & Ecosystem Protection

- Protecting vegetation within hospital grounds.
- Maintaining green spaces and planting indigenous trees.

Continuous Improvement

- Regular environmental audits, staff training, and performance monitoring.

Evidence of Policy Implementation

Energy Efficiency & Climate-Friendly Operations

- Use of natural lighting in redesigned wards and waiting bays through open windows.
- Use of solar power

Water Conservation Measures

- Repair of all major leaks in sanitation blocks and kitchens.
- Installation of low-flow taps.
- Rainwater-harvesting tank.
- Staff and patient awareness on water-saving practices.

Waste Management Implementation

- Provision of color-coded waste bins (red, yellow, black, green) in all wards and offices.
- Partnership with licensed biomedical waste handlers for incineration and safe disposal.

Reduction of Environmental Footprint

- Reduced purchase of plastic water bottles through installation of water dispensers.
- Procurement of biodegradable packaging for certain supplies.
- Phasing out single-use plastic cups and plates in staff areas.
- Encouraging use of refillable containers.

Biodiversity Conservation

- Planting of indigenous trees and flowering plants to support local ecosystems.
- Maintenance of a vegetation buffer to reduce dust and noise pollution.
- Protection of existing vegetation from unplanned construction or dumping.

Keumbu Hospital remains committed to environmental sustainability through consistent implementation of its environmental policy, responsible procurement, energy and water management, biodiversity protection, and climate-change interventions. Despite financial challenges, the hospital has made significant strides toward greener operations and is continuously improving through innovation, capacity-building, and stakeholder engagement.

iii) Employee welfare

Hiring / Diversity Policies:

- Guided by national laws; include gender balance, youth employment and PWD inclusion.
- Stakeholder engagement through County Boards, unions, and hospital boards.

Policy Review Cycles:

- HR policies reviewed every 3–5 years or when legally required; safety policies reviewed regularly.

Skill Development:

- CPD, training programs, mentorship, and structured career progression.

Performance Appraisal & Rewards:

- Annual appraisals, promotions, recognition awards, training opportunities.

Safety & OSHA Compliance:

- Written safety policy, risk assessments, safety committees, staff training.

Work-Related Injury Data:

- Records of incidents (e.g., needle-stick injuries) and actions taken to mitigate risks.

Evidence of Injury Reduction Measures:

- IPC improvements, PPE use, safety drills, ergonomic tools, staff wellness programs.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Public hospitals do not compete in the commercial sense, but they must still adhere to strict integrity, fairness, and accountability standards in procurement, governance, and stakeholder engagement.

Responsible Competition Practices

- Strong anti-corruption and integrity systems
- Transparent procurement and open tendering
- Political neutrality
- Respect for suppliers and fair procurement processes
- Zero tolerance for bribery or conflicts of interest

Improved Service Delivery Practices

- Service charters displayed to the public
- Automation and digital systems to enhance service efficiency
- Cashless payment systems to reduce fraud
- Strong anti-corruption reporting channels
- Public outreach and community health education
- Safe branding guidelines and customer protection
- Structured customer feedback systems
- Continuous quality improvement initiatives

b) Responsible Supply chain and supplier relations

Keumbu Level 4 Hospital maintains good business practices and treats suppliers responsibly through the following mechanisms:

Good Business Practices

Adhering to procurement and financial laws
Transparent and ethical conduct
Professional staff behaviour and conflict-of-interest control
Regular audits and proper financial management

Responsible Treatment of Suppliers

Honouring contract terms
Fair and timely payment processes
Respectful communication and transparent engagement
Supporting inclusivity (women, youth, PWD suppliers under AGPO)

Competitive Procurement

Open tendering
Clear evaluation criteria
Avoiding favoritism and corruption
Ensuring value-for-money purchases

c) Responsible marketing and advertisement or Responsible engagement with citizens

Accuracy & Honesty -Messages reviewed by clinical experts; avoid exaggeration
Respect for Consumers -Protect patient dignity, consent for use of patient stories
Non-Discrimination -Inclusive campaigns, accessible formats, culturally sensitive
Transparency -Service charters, updated websites, public health information
Accountability -Feedback channels, complaint desks, suggestion boxes
Collaboration -Coordination with MoH, local leaders, NGOs
Evidence-Based Campaigns based on verified clinical and public health data

d) Product stewardship or Awareness Creation

Health & Safety -OSHA compliance, infection control, equipment inspections, staff training
Adequate Information Service charters, brochures, digital platforms, multilingual & accessible formats
Dispute Resolution -Complaints desks, Patient Rights Officers, formal redress procedures
Privacy & Data -Protection EMR security, Data Protection Act compliance, consent before sharing info

v) Corporate Social Responsibility / Community Engagements

During the reporting period, the hospital carried out a range of Corporate Social Responsibility (CSR) activities aligned with its core mandate of health service delivery. These initiatives aimed to improve community health, well-being, and participation in decision-making processes.

Key CSR and Community Engagement Activities:

Health Outreach and Free Clinics

- Conducted community health camps, immunization drives, screenings for chronic diseases, and health education.
- **Impact:** Improved access to healthcare, early detection of illnesses, and increased health awareness.

Health Education and Sensitization

- Provided public awareness campaigns on hygiene, nutrition, maternal-child health, and disease prevention.
- **Impact:** Enhanced knowledge, healthier behaviors, and reduced preventable diseases.

Infrastructure and Social Investment

- Supported construction or renovation of local health facilities, installation of boreholes, and provision of sanitation facilities.
- **Impact:** Improved access to essential services and strengthened community infrastructure.

Educational Support

- Attachment to students pursuing health-related courses.
- **Impact:** Empowered youth and contributed to the development of the health workforce.

Environmental and Community Projects

- Conducted tree planting initiatives and sanitation campaigns.
- **Impact:** Promoted environmental health and sustainable community practices.

Public Participation and Civic Engagement

- Engaged communities in health planning, policy awareness, and consultations on service improvement.
- Encouraged participatory decision-making, increased transparency, and tailored services to community needs.

11. Report of the Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the Keumbu Level 4 Hospital are

Category	Key Activities / Services
Clinical Services	Outpatient consultations, inpatient care, maternity and reproductive health, specialty clinics (NCDs, HIV/AIDS, diabetes, hypertension), emergency and critical care.
Diagnostic & Support Services	Laboratory testing (hematology, microbiology, biochemistry), radiology and imaging (X-ray, ultrasound), pharmacy services, nutrition and dietetics, infection prevention and control.
Community Health & Outreach	Health promotion campaigns, immunization drives, sanitation and hygiene awareness, community-based health services via CHVs, disease prevention programs.
Administrative & Support Services	Hospital administration, finance and accounting, human resource management, procurement and supply chain management, monitoring, evaluation, and research (M&E).
Capacity Building & Training	Continuous professional development, staff training programs, workshops and seminars, collaboration with regulatory bodies and partners.
Partnerships & Collaboration	Collaboration with County Government, NGOs, donor agencies, community-based organizations; implementation of health projects and programs.

Results

The results of the Keumbu Level 4 Hospital for the year ended June 30, 2025 are set out on pages 1 to 14.


Board of Management

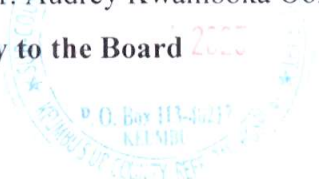
The members of the Board who served during the year are shown on page V. During the year, 2024/2025 no director retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Keumbu Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....

Name: Dr. Audrey Kwamboka Oonge
Secretary to the Board 2025



12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 Kisii County Health Management Services Fund Act 2015 requires the Board of Management to prepare financial statements in respect of that Keumbu Level 4 Hospital, which give a true and fair view of the state of affairs of the Keumbu Level 4 Hospital at the end of the financial year/period and the operating results of the Keumbu Level 4 Hospital for that year/period. The Board of Management is also required to ensure that the Keumbu Level 4 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Keumbu Level 4 Hospital. The council members are also responsible for safeguarding the assets of the Keumbu Level 4 Hospital.

The Board of Management is responsible for the preparation and presentation of the Keumbu Level 4 Hospital ’s financial statements, which give a true and fair view of the state of affairs of the Keumbu Level 4 Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Keumbu Level 4 Hospital , (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 Keumbu Level 4 Hospital ; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Keumbu Level 4 Hospital ’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kisii County Health Management Services Fund Act 2015. The Board members are of the opinion that the Keumbu Level 4 Hospital ’s financial statements give a true and fair view of the state of Keumbu Level 4 Hospital ’s transactions during the financial year ended June 30, 2025, and of the Keumbu Level 4 Hospital ’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Keumbu Level 4 Hospital, which have been relied upon in the preparation of the Keumbu Level 4 Hospital ’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern and nothing has come to the attention of the Board of management to indicate that the Keumbu Level IV facility will not remain a going concern for at least the next twelve months from the date of this statement.

Nothing has come to the attention of the Board of management to indicate that the Keumbu Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

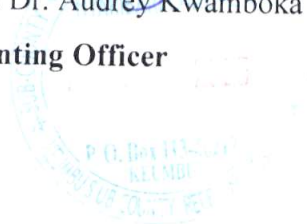
Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 29th August 2025 and signed on its behalf by:

.....
Name: Japhet Oginda

Chairperson
Board of Management

.....
Name: Dr. Audrey Kwamboka Oonge
Accounting Officer



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KEUMBU LEVEL 4 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 the 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 the 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 the 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 Keumbu Level 4 Hospital-County government of Kisii 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 amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Keumbu Level 4 Hospital-County Government of Kisii as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Non-compliance with the Prescribed Reporting Framework

The statement of financial performance, and as disclosed in Note 2 to the financial statements, reflects transfers to other government entities amount of Kshs.13,988,415 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 section 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 statement of financial performance does not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board, and Management was in breach of the law.

2. Inaccurate Trade and Other Payables Balance

The statement of financial position reflects, and as disclosed in Note 6 to the financial statements, reflects trade and other payables balance of Kshs.4,132,588 which excludes an amount of Kshs.120,540 reported in the financial statements of Kenya Medical Supplies Authority (KEMSA) as receivable from Keumbu Level 4 Hospital.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.4,132,588 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Keumbu Level 4 Hospital 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 receipts budget and actual on comparable basis amounts of Kshs.17,460,000 and Kshs.18,154,423 respectively, resulting in overcollection of Kshs.694,423. Similarly, the Hospital spent Kshs.14,021,835 out of the actual receipts of Kshs.18,154,423, resulting in an underutilization of Kshs.4,132,588, or 23%.

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

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxxiv which comprise Key Entity Information and Management, The Board of Management, 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 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 the Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

Review of revenue records obtained from the Keumbu Level 4 Hospital revealed total collection of Kshs.17,700,936 towards the health facilities improvement. Out of this amount, a total of Kshs.13,988,415 was transferred to County Health Facilities Improvement Fund Board account. However, the amount reimbursed by the Board to Keumbu Level 4 Hospital could not be ascertained. This is because the Board made payments on behalf of Keumbu Level 4 Hospital without disclosing the amount for the expenditures incurred. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023, which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2.0. Non-compliance with Universal Health Coverage (UHC) Requirement for Level 4 Hospitals

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

2.1. Inadequate staffing requirements

The Hospital did not meet the necessary requirements for staffing outline in the Health Policy Guidelines as shown below:

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Medical officers	16	4	16
Anaesthesiologists	2	2	2
General Surgeons	2	0	2
Paediatricians	2	0	2
Radiologists	2	0	2
Registered nurses	75	19	66

2.2. Inadequate Level 4 Hospital Equipment

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

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Resusitaire	3	1	3
New born unit incubators	5	1	5
New born unit cots	5	0	5
ICU beds	6	0	6
HDU beds	6	0	6
Renal unit with 5 dialysis machines	5	0	5
Functional operation theatres	2	0	1
Beds	150	28	132

The deficiencies contravene the First Schedule of Health Act, 2017 and implies that accessing highest attainable standards of health, which includes the right to health care services including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. Further, this contravenes the Kenya Quality Model for Health Policy Guidelines and 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. Centralization of Payments at County Headquarters

Review of expenditure records revealed that all payments for services or procurement of commodities were done at the County Executive Headquarters, contrary to Section 22 of the Facilities Improvement Financing Act, 2023, which provides that the vouchers shall be presented to the County Department for Health Accountant for confirmation that the items requested are in the vote book and after approval, the voucher shall revert to the medical superintendent or the in charge of the facility for initiation of payment. As a result, inefficiencies were created and the Hospital was not able to operate optimally.

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

4.0. Lack of Funding by the County Government

The financial statements revealed that the County Government of Kisii did not appropriate any funds for the Keumbu Level 4 Hospital in the year 2024/25, contrary to Section 5(4) of the Facilities Improvement Financing Act, 2023, which provides that the income and other receivables retained by the public health facilities shall be considered as a supplement to the budgets and resources appropriated to the public health facilities by the respective county government and not a substitute.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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 Internal Audit Report

Management did not provide evidence of existence of internal audit functions such as internal audit reports, internal audit charter and internal audit work plan. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets of the Hospital.

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

2.0. Lack of Integration Between Key Departments

Audit verification conducted in the month of November, 2025 revealed that some key sections of the Hospital were not integrated with KenyaEMR (Taifa Care) which is a patient management system. These include pharmacy and laboratory, yet they were integral in the billing of patients for drugs and tests respectively. Further, during the audit,

it was observed that patients went with physical receipts to the pharmacy or laboratory as a confirmation of payment, then the dispensed drugs were manually recorded in a book. This was prone to human error and fraud, and Management had incomplete visibility of the transactions.

In the circumstances, the effectiveness of internal controls on patient records could not be confirmed.

3.0. Lack of Segregation of Duties

Audit verification conducted in the month of November, 2025, revealed that the Hospital had a Senior Pharmacist who headed the Pharmacy Section and had no assistant. The officer did all the work around receiving, storing and issuance of pharmaceuticals within the Hospital and the Sub - County. The same Officer was also the Head of Pharmacy in the Sub-County, a responsibility that entails moving around the Sub - County.

In the circumstances, the effectiveness of the internal controls over Pharmacy, Laboratory and Food stores sections 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 Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

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

Description	Note	2024/2025
		Kshs
Revenue from exchange transactions		
Rendering of services- Medical Service Income	1	22,875,597
Revenue from exchange transactions		22,875,597
Total revenue		22,875,597
Expenses		
Transfer to other Government Entities	2	18,121,003
General expenses	3	33,420
Total expenses		18,154,423
Net Surplus / (Deficit) for the year		4,721,174

The Hospital's financial statements were approved by the Board on 29th August, 2025 and signed on its behalf by:

.....

Japhet Oginda
Chairman
Board of Management

.....

Kevin Oribu
Head of Finance
ICPAK No: 22784

.....

Dr. Audrey Kwamboka Oonge
Medical Superintendent

15. Statement of Financial Position as at 30th June 2025

Description	Note	2024/2025
		Kshs
Assets		
Current assets		
Cash and cash equivalents	4	4,132,588
Receivables from exchange transactions	5	5,174,660
Total Current Assets		9,307,248
Non-current assets		-
Total Non-current Assets		-
Total assets		9,307,248
Liabilities		
Current liabilities	6	4,132,588
Total Current Liabilities		4,132,588
Net assets		5,174,660
Represented By:		
Accumulated Surplus/Deficit		5,174,660

The Hospital's financial statements were approved by the Board on 29th August, 2025 and signed on its behalf by:

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Japhet Oginda
Chairman
Board of Management

.....


Kevin Oribu
Head of Finance
ICPAK No: 22784

.....


Dr. Audrey Kwamboka Oonge
Medical Superintendent



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

Description	Revaluation reserve	Accumulated Surplus/Deficit	Total
	Kshs		Kshs
As at July 1, 2024	-	453,486	453,486
Surplus/(deficit) for the year	-	4,721,174	4,721,174
Capital/Development grants	-	-	-
As at June 30, 2025	-	5,174,660	5,174,660

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

Description	Note	2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Rendering of services- Medical Service Income		17,700,937
Total Receipts		17,700,937
Payments		
Transfer to other Government Entities		13,988,415
General expenses		33,420
Total Payments		14,021,835
Net cash flows from operating activities	7	3,679,102
Net increase/(decrease) in cash and cash equivalents		3,679,102
Cash and cash equivalents as at 1 July, 2024		453,486
Cash and cash equivalents as at 30 June. 2025	4	4,132,588

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	
Budget carryovers from previous year	453,486		453,486	453,486	0	100
Revenue						
Rendering of services- Medical Service Income	17,006,514	-	17,006,514	17,700,937	(694,423)	104%
Total income	17,460,000	-	17,460,000	18,154,423	(694,423)	104%
Expenses						
Transfers From Other Government Entities	17,420,000	-	17,420,000	13,988,415	3,431,585	80%
General expenses	40,000	-	40,000	33,420	6,580	84%
Total Expenses	17,460,000	-	17,460,000	14,021,835	3,438,165	80%
Surplus for the period	-	-	-	4,132,588	(4,132,588)	

Notes:

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

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

Budget Reconciliation	
Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	4,132,588
	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	4,132,588

19. Notes to the Financial Statements

1. General Information

Keumbu Level 4 Hospital is established by and derives its authority and accountability from Kisii County Health Management Services Fund Act, 2015 Act. The Keumbu Level 4 Hospital is wholly owned by the Kisii County Government and is domiciled in Kisii County in Kenya. The Keumbu Level 4 Hospital's principal activity is health 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 Keumbu Level 4 Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Keumbu Level 4 Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
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 Keumbu Level 4 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>
IPSAS 45: Property, Plant and Equipment	<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</p>

Standard	Effective date and impact:
	<p>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 the principles that an Keumbu Level 4 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.</p>
<p>IPSAS 48 Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transferor 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 information on accounting for such transfers.</p>

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></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: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> 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 Keumbu Level 4 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.

Notes to the Financial Statements

1. Rendering of Services-Medical Service Income

Description	2024-2025
	Kshs
User Fee	5,691,372
SHA/NHIF	17,184,225
Total	22,875,597

The above balance includes an accrued amount of Kshs. 5,174,660 expected from SHA.

2. Transfers to other Government entities

Description	2024-2025
	Kshs
Transfer to FIF A/C	18,121,003
Total	18,121,003

The above balance includes an amount of Kshs. 4,132,588 in cash that was due to be transferred to FIF A/C.

3. General Expenses

Description	2024-2025
	Kshs
Bank Charges	33,420
Total	33,420

4. Cash and Cash Equivalents

Description	2024-2025
	Kshs
Current accounts	4,132,588
Total cash and cash equivalents	4,132,588

4a) Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025
Financial institution	Account number	Kshs
a) Current account		
Kenya Commercial Bank	1106481070	4,132,588
Sub- total		4,132,588
Grand total		4,132,588

5. Receivables from Non-Exchange Transactions

Description	2024-2025
	Kshs
Medical services receivables-SHA	5,174,660
Total	5,174,660

Analysis of Receivables from Non-Exchange Transactions

Description	2024-2025	
	Kshs	
	2024-2025	% of the total
Less than 1 year	5,174,660	100%
Between 1- 2 years	-	0%
Between 2-3 years	-	0%
Over 3 years	-	0%
Total	5,174,660	100%

6. Trade and other Payables

Description	2024-2025
	Kshs
Payable to FIF	4,132,588
Trade payables	-
Employee dues	-
Total trade and other payables	4,132,588

Description	2024-2025	
	Kshs	
Ageing analysis:	2024-2025	% of the Total
Under one year	4,132,588	100%
1-2 years	-	0%
2-3 years	-	0%
Over 3 years	-	0%
Total	4,132,588	100%

7. Cash Generated from Operations

Description	2024-2025
	Kshs
Surplus for the year before tax	4,721,174
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	
Working Capital adjustments	-
Increase in inventory	-
Increase in receivables	-5,174,660
Increase in payables	4,132,588
Increase in payments received in advance	-
Net cash flow from operating activities	3,679,102

8. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	5,174,660	5,174,660		
Bank balances	4,132,588	4,132,588		
Total	9,307,248	9,307,248		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due from The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

9. Related Party Balances

Nature of related party relationships

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

Kisii County Government is the principal shareholder of the *entity*, holding 100% of the *entity*'s equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the *entity*, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	2024-2025
	Kshs
Transactions with related parties	
a) Grants from the Government	
Grants from County Government	-
Grants from the National Government Entities	-
Donations in kind	-
Total	-
b) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	-
Payments for goods and services	-
Total	-
c) Key management compensation	
Directors' emoluments	-
Compensation to the medical Sup	-
Compensation to key management	-
Total	-
d) Transfer to other government entities	
Transfer to Facility Improvement Fund	13,988,415
Total	13,988,415

10. Events after the Reporting Period

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

11. Ultimate and Holding Entity

The entity is a hospital under the Department of Health. Its ultimate parent is the County Government of Kisii.

12. Currency

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